

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2015

Bill Number: S. 23 Name of Bill: An act relating to required disclosures for workers' compensation settlements

Agency/ Dept: Labor

Author of Bill Review: Matt Hill

Date of Bill Review: 4/17/15

Related Bills and Key Players: Senator Sirotkin

Status of Bill: (check one): ☐ Upon Introduction ☒ As passed by 1st body ☐ As passed by both

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

This bill proposes to require the Department of Labor to not allow a full and final Workers' Compensation settlement payment without the employer providing the employee with a written disclosure statement explaining the consequences of the agreement with respect to the employee's rights to obtain compensation, vocational rehabilitation, and medical benefits, including ongoing and future surgical, medical, and nursing services and supplies.

The disclosure statement must have 4 elements:

- A. clearly state the amount for which the employer and employee have agreed to settle the claim
- B. describe the employee's injury, including any rating assigned to that injury
- C. specifically identify all current or ongoing medical benefits that will terminate as a result of the agreement; and
- D. specifically identify any rights to obtain compensation, vocational rehabilitation, and medical benefits under the provisions of this chapter that the employee will relinquish by agreeing to the settlement.

The employee must also sign the agreement.

2. Is there a need for this bill? *Please explain why or why not.*

The bill codifies current Department practice. The Department did not ask for the bill but the bill is welcome. There is a need to disclose all current facts of a settlement for various reasons. In the current VDOL process, for example, when an employer makes an offer to settle for \$50,000 our workers' compensation hearing officer writes a letter to the employee explaining what he/she is giving up if they choose to accept the offer. Let's say the offer is \$50,000, however, the claimant may already be guaranteed \$30,000 through the claim no matter what happens; therefore the settlement is really only \$20,000. The employee could also be giving up rehabilitation, medical benefits and others. Hence, it may not be in the best interest for the employee to accept to offer. When this is explained fully the employee is able to make a better decision for their future.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

None.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

None.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

None

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

6.2 Who else is likely to oppose the proposal and why?

7. Rationale for recommendation: *Justify recommendation stated above.*

The bill will codify the current practice and should be done with or without the law. Putting it in statute will ensure this practice is maintained when turn over at the Department occurs.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

None

9. Gubernatorial appointments to board or commission?

None

Secretary/Commissioner has reviewed this document: _____ **Date:** _____