



Legislative Council Staff

Research Note

Version: Final

Date: 6/6/2017

Bill Number

House Bill 17-1119

Sponsors

*Representative Kraft-Tharp
Senators Jahn & Tate*

Short Title

*Payment Of Workers'
Compensation Benefits*

Research Analyst

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Status

This research note reflects the final version of the bill, which becomes effective on July 1, 2017.

Background

The main purpose of workers' compensation is to provide employees who are injured on the job with reasonable and necessary medical treatment and partial wage replacement while recovering. Workers' compensation insurance is paid for by the employer and is often purchased through a private insurance company, though some employers may provide coverage through a qualified self-insurance program.

The Division of Workers' Compensation (division) within the Colorado Department of Labor and Employment (CDLE) administers the workers' compensation system in Colorado.

Under current law, if the division finds that an employer does not have workers' compensation insurance coverage, the division director shall take either or both of the following actions:

- issue a cease and desist order against the business to immediately stop business operations until workers' compensation insurance is obtained;
- issue a fine for every day that the employer fails to keep the required insurance.

The fine issued may be not more than \$250 per day for an initial violation, or not less than \$250 per day or more than \$500 per day for a second and any subsequent violation.

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House Action

House Business Affairs and Labor Committee (March 28, 2017). At the hearing, representatives from the Colorado AFL-CIO, CDLE, Pinnacol Assurance, the Worker's Compensation Education Association, the Colorado Competitive Council, the Denver Metro Chamber of Commerce, the Colorado and Wyoming Petroleum Marketer's Association, the National Federation of Independent Business, and two private citizens testified in support of the bill. A representative from the Workers' Compensation Coalition testified in opposition to the bill. The committee adopted amendments L.001, L.002, L.004, and L.005, and referred the bill, as amended, to the House Finance Committee.

Amendment L.001:

- added that the newly created Uninsured Employer Board may deny entry to the fund or payment of benefits if the underlying claim appears to be fraudulent;
- adjusted when the injured employee's treatment must transfer from the previously authorized treating physician to the newly authorized treating physician;
- removed language that could hold the officers and directors of any corporation and any members of any limited liability company personally liable for payment of any amounts ordered paid to the injured employee and the Colorado Uninsured Employer Fund in the event that the company was uninsured;
- added an effective date of July 1, 2017,
- replaced the petition clause with a safety clause; and
- made other technical changes to the bill.

Amendment L.002:

- specified that the Uninsured Employer Board, and its agents and employees, have no liability for any action taken against them for the performance of their duties; and
- added a sunset date of July 1, 2022, for the section of the bill that addresses adjustments in the fine structure for employers without workers' compensation insurance.

Amendment L.004 removed the ability of staff employed by the Division of Workers' Compensation to adjust claims. Amendment L.005 added a requirement that a performance audit of the newly created Colorado Uninsured Employer Fund be conducted by the State Auditor no later than June 1, 2022.

House Finance Committee (April 12, 2017). At the hearing, representatives from CDLE testified in support of the bill. A representative from the Workers' Compensation Coalition testified in opposition to the bill. The committee referred the bill, unamended, to the House Appropriations Committee.

House Appropriations Committee (April 28, 2017). The Appropriations Committee adopted amendment L.006 and J.001, and referred the bill, as amended, to the House Committee of the Whole. Amendment L.006 extended several dates in the bill by one year. Amendment J.001 added an appropriations clause to the bill.

House second reading (April 28, 2017). The House adopted the House Business Affairs and Labor and the House Appropriations committee reports and passed the bill on second reading.

House third reading (May 1, 2017). The House passed the bill on third reading with no amendments.

Senate Action

Senate State, Veterans, and Military Affairs Committee (May 4, 2017). At the hearing, representatives from the National Federation of Independent Business, Pinnacle Assurance, the Workers' Compensation Education Association, the Colorado Wyoming Petroleum Marketers Association, the Colorado Competitive Council, and CDLE testified in support of the bill. A representative from the Workers' Compensation Coalition testified in opposition to the bill and a representative from the Colorado AFL-CIO testified on the bill from a neutral position. The committee adopted amendment L.010, and referred the bill, as amended, to the Senate Finance Committee.

Amendment L.010 modified the definition of "employee" under the workers' compensation section of statute to exclude any person employed by an out-of-state employer performing incidental work in Colorado where the employee is covered at the time of injury under the workers' compensation act of another state.

Senate Finance Committee (May 5, 2017). At the hearing, representatives from the National Federation of Independent Business, Pinnacle Assurance, the Colorado Wyoming Petroleum Marketers Association, and CDLE testified in support of the bill. The committee referred the bill, unamended, to the Senate Appropriations Committee.

Senate Appropriations Committee (May 9, 2017). The committee referred the bill, unamended, to the Senate Committee of the Whole.

Senate second reading (May 9, 2017). The Senate adopted the Senate State, Veterans, and Military Affairs Committee report and amendment No. 2, and passed the bill, as amended, on second reading. Amendment No. 2 amended the definition of "incidental work" in the Senate State, Veterans, and Military Affairs Committee report.

Senate third reading (May 10, 2017). The Senate passed the bill on third reading with no amendments.