

Governor Markell Signs Workers Compensation Reforms to Address Business Costs

Implements recommendations of Task Force led by Lt. Gov. Denn

DOVER, Del. – Following a review by the [Workers' Compensation Task Force](#), created with the support of Governor Jack Markell and led by Lieutenant Governor Matt Denn, the Governor signed House Bill 175 to implement [the group's recommendations](#). The law will place tighter controls on workers compensation medical costs, while improving the state's workplace safety program and more effectively encouraging injured individuals to return to work.

The Task Force was established to address the dramatic increase in Delaware's workers compensation premiums over the past two years, after four consecutive years of decreases that totaled over 40%.

"This bill represents another important step toward ensuring we make our state an attractive location for companies," said Governor Markell. "Rising premiums weren't only unfair, but they also take away from other investments businesses can make in expanding and hiring Delawareans. I applaud Lt. Governor Denn's leadership in ensuring the task force acted swiftly and effectively."

HB 175 passed the Senate 21-0 on June 19 after passing the House on June 6 (39 yes, 2 absent).

"The legislation makes important changes to control medical costs, ensure greater scrutiny of insurance company rate increase requests, and help get injured workers back to work more quickly," said Lt. Governor Denn, Chair of Delaware's Workers' Compensation Task Force. "But our work is not done,

and we will continue to look at other areas where we can control costs without impacting the quality of medical care received by injured workers.”

Created by House Joint Resolution 3, the Workers Compensation Task Force was created on January 30, 2013 by the Delaware General Assembly and the Governor, and charged with an expedited review of Delaware law relating to workers compensation, the impact that the 2007 amendments to that law had upon workers compensation premiums, the reasons for recent increases in workers compensation premiums, and whether any additional changes to statutes, regulations, or practices are required to control growth in premiums.

Lawmakers who joined the Task Force and shepherded the bill to passage emphasized cooperation as a key to the group’s success:

“It was a pleasure to take part in an effort in which people from diverse backgrounds came together to accomplish a great deal toward reaching a common goal,” said Rep. Bryon Short, D-Brandywine Hundred, lead House sponsor of the bill. “I look forward to continuing to work with the group to tackle what’s left to ensure we keep rates low and protect our workers.”

☒ “We got this bill through both houses so quickly because of the task force’s ability to reach a consensus among all of the groups represented,” said Senate President Pro Tem Patricia Blevins, D-Elsmere. “We think we have taken significant steps to stabilize workers compensation.”

“This was the collective work of the elected, legal and business community,” said Secretary of Labor, John McMahon. “As a former Insurance Commissioner, Lt. Governor Denn was uniquely qualified to help us navigate a set of diverse and complicated issues and develop a responsible plan of action.”

The task force’s recommendations fall into four areas:

1. Place tighter controls on workers compensation medical costs. These recommendations include a two-year inflation freeze on the fee schedule for medical treatment of workers compensation recipients, a permanent reduction in the inflation rate allowed for hospital treatment of workers compensation recipients, and reductions in allowed reimbursements in a variety of medical categories.

2. Ensure that insurance carriers' requests for rate increases receive a high level of scrutiny. These recommendations include the retention of a part-time attorney to represent businesses during the workers compensation rate-setting process, and a system to ensure that insurers are diligently enforcing the state's medical cost controls.

3. Make the state's laws encouraging injured workers to return to work more effective; and

4. Improve the state's workplace safety program to both increase its usage and ensure that it accurately determines which workplaces are using appropriate safety practices.

Additionally, the General Assembly accepted the task force's suggestion that they be kept in existence on a temporary basis, both so that it can consider some issues that it did not have time to discuss during the short time that it had to make recommendations, and so that it can monitor the impact of its recommendations and suggest stricter measures with respect to medical costs if necessary. If the implemented recommendations do not result in manageable increases in workers compensation premiums, the task force believes that more significant changes should be considered both with respect to the levels and methods of paying medical claims, and the system for calculating injured workers permanency and lost wage claims.