Committee on Banking and Insurance

CS/CS/HB 271 — Workers' Compensation

by Regulatory Affairs Committee; Government Operations Appropriations Subcommittee; and Rep. Cummings and others (CS/SB 444 by Appropriations Committee and Senator Galvano)

The bill amends provisions related to stop work orders (SWO) and associated penalties relating to Florida's Workers' Compensation Law as follows:

- Extends the number of days for an employer to provide requested records to the Department of Financial Services (DFS) from five to 10 days or be subject to a SWO.
- Authorizes the DFS to issue an order of conditional release from a SWO to an employer that has secured appropriate coverage if the employer pays $1,000 as a down payment and agrees to pay the remainder of the penalty in periodic installments or in full.
- Authorizes an immediate reinstatement of the SWO if the employer does not pay the full penalty or enter into a payment agreement within 28 days after service of the SWO upon the employer.
- Credits the initial payment of the premium made by the employer to secure coverage against the assessed penalty for not having coverage if the employer that has not previously been issued a SWO. The bill provides a similar credit if coverage is secured through an employee leasing company. The bill provides a minimum $1,000 penalty if the calculated penalty, after the application of the credit, is less than $1,000.
- Reduces the look-back period for failure to comply with coverage requirements from 3 to 2 years and increases the penalty multiplier from 1.5 to 2 times the amount of unpaid premiums.

The bill codifies a recent court decision regarding the calculation of workers' compensation indemnity benefits to allow the payment of such benefits at either 66.67 percent or the current 66 2/3 percent of the employee's average weekly wage. This change has no fiscal impact because it reflects current procedures used by carriers.

The bill also revises the assessment methodology for the Workers' Compensation Special Disability Trust Fund (trust fund). The trust fund reimburses employers (or their carriers) for the excess in workers compensation benefits they have provided to an employee with a pre-existing impairment who is subsequently injured in a compensable accident. The bill requires the assessment to be calculated by the DFS based upon the net premiums written by carriers and self-insurers, the amount of premiums calculated by the department for self-insured employers, and the anticipated disbursements and expenses of the trust fund. This change in the assessment calculation will allow the DFS to draw down the trust fund balance to pay older, approved reimbursement requests without increasing the assessment rate. The bill requires all approved but unpaid reimbursement requests, as of June 30, 2014, to be paid by October 31, 2014. The bill reduces the maximum assessment rate from 4.52 percent to 2.50 percent. These provisions will not have a fiscal impact on DFS.

If approved by the Governor, these provisions take effect July 1, 2014.
Vote: Senate 39-0; House 116-0