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## HOUSE JOINT RESOLUTION NO. 544

Offered January 11, 2017

Prefiled October 10, 2016

*Directing the Joint Legislative Audit and Review Commission to study Virginia's workers' compensation system. Report.*

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Patron—Lingamfelter

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Referred to Committee on Rules

WHEREAS, Virginia enacted the Workers' Compensation Act in 1918 as part of the "grand bargain" between employers and employees; and

WHEREAS, this "grand bargain" was designed to ensure the protection of injured workers and their families by requiring employers to provide medical treatment and financial compensation when an employee is injured or killed during and in the scope of his employment, while employers were assured that workers' compensation would be the exclusive remedy and that, by agreeing to such a system, they could no longer be sued at common law for injuries or death suffered by employees during and in the scope of their employment; and

WHEREAS, the Virginia Workers' Compensation Commission administers the workers' compensation program in the Commonwealth and oversees the resolution of claims in accordance with the Workers' Compensation Act through mediation and hearings; and

WHEREAS, the Virginia Workers' Compensation Commission received nearly 55,000 claims and applications and adjudicated more than 13,000 disputes in 2013; and

WHEREAS, employees and their representatives have raised concerns about (i) delays that can be experienced within the current system before benefits are awarded and (ii) the complexity of the dispute resolution process; and

WHEREAS, employers and insurers have consistently complained in recent years about the prices they are forced to pay for workers' compensation medical services under the prevailing community rate provisions of § 65.2-605 of the Code of Virginia and judicial presumptions that have developed thereunder; and

WHEREAS, recent national studies show that payments by Virginia employers for a number of common workers' compensation medical services are 200 to 300 percent higher than payments for the same services under general health care; and

WHEREAS, while recent national studies indicate that Virginia's workers' compensation insurance premiums are the fourth lowest in the nation, they also show that medical costs paid per workers' compensation claim in Virginia have experienced a high growth rate in recent years, are now higher than in most states, and now account for two-thirds of all workers' compensation payments in Virginia; and

WHEREAS, by enacting House Bill 378 and Senate Bill 631 in the 2016 Session of the General Assembly, the General Assembly has directed the Virginia Workers' Compensation Commission to establish fee schedules setting the maximum pecuniary liability of an employer for medical services provided to an injured person in certain circumstances; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study Virginia's workers' compensation system.

In conducting its study, the Joint Legislative Audit and Review Commission (JLARC) shall (i) examine whether claims are reviewed and processed in a timely and fair manner; (ii) assess whether the dispute resolution process is timely, effective, and fair and equitable toward all parties; (iii) compare the structure and administration of workers' compensation programs in other states with that of Virginia's; (iv) analyze the rate of growth in medical prices and examine any changes that occur in access to medical care in states that have adopted medical service fee schedules or treatment guidelines; (v) assess the effectiveness of House Bill 378 and Senate Bill 631 of the 2016 Session; and (vi) review any other issues and make recommendations as appropriate.

All agencies of the Commonwealth, including the Virginia Workers' Compensation Commission, shall provide assistance to JLARC for this study, upon request. The Virginia Workers' Compensation Commission shall furnish information, including departmental records, to JLARC staff as requested in accordance with §§ 30-59, 30-69, and 65.2-903 of the Code of Virginia.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2017, and for the second year by November 30, 2018, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and

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59 recommendations no later than the first day of the next Regular Session of the General Assembly for  
60 each year. Each executive summary shall state whether JLARC intends to submit to the General  
61 Assembly and the Governor a report of its findings and recommendations for publication as a House or  
62 Senate document. The executive summaries and reports shall be submitted as provided in the procedures  
63 of the Division of Legislative Automated Systems for the processing of legislative documents and  
64 reports and shall be posted on the General Assembly's website.