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## SENATE BILL NO. 16

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor  
on January 19, 1998)

(Patron Prior to Substitute—Senator Colgan)

*A BILL to amend and reenact § 65.2-1201 of the Code of Virginia, as it is currently effective, relating to workers' compensation; uninsured employer's fund; maximum rate.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 65.2-1201 of the Code of Virginia is amended and reenacted as follows:**

§ 65.2-1201. Financing; tax.

A. For the purpose of providing funds for compensation benefits awarded against any uninsured or self-insured employer under any provision of this chapter, a tax not to exceed ~~one-fourth~~ *one-half* of one percent shall be assessed, collected and paid into the state treasury by the same persons and in the same manner as set forth in Chapter 10 (§ 65.2-1000 et seq.) of this title.

B. This tax shall be in addition to the tax for the Workers' Compensation Commission Administrative Fund and the tax for the Second Injury Fund and shall be held by the Comptroller of the Commonwealth solely for the payment of awards against such fund.

C. At the end of any calendar year in which the Uninsured Employer's Fund has to its credit a sum in excess of the next year's budgeted expenditures, the tax shall be suspended for the ensuing calendar year.

**2. That an emergency exists and this act is in force from its passage.**

**3. That the Virginia Workers' Compensation Commission shall submit a report by December 1, 1998, to the Senate Commerce and Labor Committee and the House Labor and Commerce Committee addressing:**

A. Revenue needs of the Uninsured Employer's Fund, describing the methodology for determining both the aggregate sum and the projected cash flow needs, including the assumptions underlying the calculations. Evaluation and comments on this methodology will be solicited from the Bureau of Insurance of the State Corporation Commission, major carriers of workers' compensation insurance, self-insured employers, third party administrators of workers' compensation insurance, and other interested parties.

B. Administration of claims against the Uninsured Employer's Fund, including but not limited to the investigation of claims, the use of physician panels, utilization review of treatment, review of provider charges, job training and placement, identification of changes in condition, detection of fraud and the use of settlements. The Office of the Attorney General may contribute to this report on matters within its purview. Evaluation and comments will be solicited from major carriers of workers' compensation insurance, self-insured employers, third party administrators of workers' compensation insurance, and other interested parties.

C. Oversight of self-insured employers, including the criteria for initial approval, procedures for ongoing evaluation of self-insured employers, tools available and in use for corrective action, and required expertise. The Commission will compare its practices and procedures with those in neighboring or similarly situated states, as well as those used by the Bureau of Insurance of the State Corporation Commission for group self-insurance associations, and will solicit comments from interested parties.

**4. That the provisions of this act shall expire on July 1, 1999.**

SENATE SUBSTITUTE

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