

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on February 9, 2006 in Room 241-N of the Capitol.

All members were present except:

Broderick Henderson- excused  
John Grange- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department  
Norm Furse, Office of Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee:

Jim Garner, Secretary of Labor  
Terry Humphrey, Kansas Coalition for Workplace Safety  
Representative Candy Ruff  
Pat Oslund, Policy Research Institute, Kansas University  
Franke Straub  
Doug Allen  
Wil Leiker, AFL-CIO  
Mark Block

Others attending:

See attached list.

The Chairman opened the hearing on **HB 2654 - Increase in workers compensation benefits and removal of cap on permanent total disability.**

Jim Garner, Secretary of Labor, testified as a proponent to **HB 2654**. This bill would provide a modest increase in the benefits paid to injured workers under the Kansas Workers Compensation system. Kansas ranks 44<sup>th</sup> in the nation in premium costs. The conservative "Small Business Survival Index 2005" ranks Kansas as the 8<sup>th</sup> best state for workers compensation costs. There is no crisis or escalation of premium costs in Kansas. In comparison, Kansas ranks 45<sup>th</sup> in the nation in weekly benefits to injured workers. This issue needs to be addressed (Attachment 1).

Terry Humphrey, Kansas Trial Lawyers Association Executive Director (KTLA), on behalf of Kansas Coalition for Workplace Safety, testified in support of **HB 2654**. Ninety-four percent of all workers in Kansas are covered by the state's workers compensation laws. Under Kansas law, an injured employee receives only two-thirds of his or her gross average weekly wage or a maximum of \$467 per week, whichever is higher. Only five states in the nation provide lower weekly benefits for their injured workers.

**HB 2654** leads in the right direction: (1) Kansas workers who are injured on the job would be eligible to receive 75% of their average weekly wage instead of only two-thirds. (2) The maximum weekly benefit would be raised to 100% of the state's average weekly wage instead of the current 75%. (3) Workers who are totally disabled would receive benefits for the duration of their disability, like workers in most other states. The current benefit maximum would be raised to \$182,400 and adjusted the cap annually based on the percentage of change in the state's average weekly wage as presently calculated for purposes of determining the state's average weekly wage. KLA urges **HB 2654** be passed out with the Coalition's amendments (Attachments 2 & 3).

Representative Candy Ruff, testified as a proponent to **HB 2654**. Medical costs continue to drive the worker compensation engine in Kansas. Accounting for 50 to 60 percent of the premium costs, prescription drugs and medical procedures manage to almost double in price from year to year. It is seen in our employee health insurance premiums and our workers compensation premiums as well. The issues before us this year would center on good state policy. Permanent partial disability should not be capped at \$50,000 (Attachment 4).

Pat Oslund, Policy Research Institute, University of Kansas, testified as a proponent to **HB 2654**. Ms. Oslund

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on February 9, 2006 in Room 241-N of the Capitol.

stated this testimony consists of her findings, and does not represent the position of the University of Kansas or any other parties. There are two ways in which we can try to estimate the impact of changing economic conditions on the value of benefit cap amounts. One method is to examine the impact of inflation. Another method of viewing the impact of changing economic conditions on workers compensation caps is to look at wage growth. The inflation and the wage growth methods are not completely different, because inflation is the major contributor to wage growth. But wage growth also reflects changing productivity, changing competitive positions, and other factors. Changes in the maximum weekly benefit allowed under Workers Compensation already are tied to wage growth. The total cumulative amounts that an injured worker can receive have remained unchanged over long periods of time (Attachments 5 & 6).

Franke Straub, an injured worker, testified as a proponent to **HB 2654**. Mr. Straub was injured and the insurance company routinely is late sending his checks. This injury will affect his ability to work for the rest of his life, but payments are capped at \$100,000. Over the 415 weeks his compensation is based on, if he would have continued to work earning \$800 per week, he would have made \$332,000. It is believed these changes in benefits are long overdue (Attachment 7).

Doug Allen, Spring Hill, Kansas, testified as a proponent to **HB 2654**. Mr. Allen was injured in an automobile accident. The benefits are substandard. **HB 2654** provides an increase in benefits; however, these changes are insufficient to meet the needs of injured workers in Kansas. Compensation for disabled workers should be fair (Attachment 8).

Wil Leiker, Executive Vice President, Kansas AFL-CIO, testified in support of **HB 2654**. This is an important change for Kansas workers, particularly workers who are higher wage earners. Under the current law, workers are asked to live on 50% or less of their weekly earnings when injured and unable to work. It has often been stated that Kansas is a low benefit state, and that employers enjoy low premiums. Kansas should not be proud of the fact that their temporary total rate is the lowest in the five state regions, particularly when the legislature knows how devastating this is to injured workers (Attachment 9).

Mark Block, Dwight, Kansas, testified in support of **HB 2654**. Mr. Block was injured and had to have both legs amputated. His disability benefit is \$401 per week and he had been earning \$700 per week. This is not enough to survive on. Mr. Block stated this bill would not help him, but it would help other Kansans that were injured on the job (Attachment 10).

Written testimony in opposition to **HB 2654** was provided by: Jeff Glendening, Vice President of Political Affairs, Kansas Chamber of Commerce (Attachment 11); Tina N. Williams, Claims Director, Kansas Self-Insurers Association (Attachment 12); Ashley Sherard, Vice President, Lenexa Chamber of Commerce (Attachment 13); and Duane Simpson, Kansas Agribusiness Retailers Association (Attachment 14).

The Chairman closed the hearing on **HB 2654**.

The Chairman reminded the committee of the hearing on **HB 2614** February 8 wherein Mr. Jim DeHoff, Executive Secretary AFL-CIO recommended the bill be sent to the Employment Security Advisory Council. The Chairman asked what the committee wished to do.

Representative Schwab moved and Representative Humerickhouse seconded to refer **HB 2614** to the Employment Security Advisory Council. The motion carried.

The meeting adjourned at 10:50 a.m. The next meeting will be February 10, 2006.