

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 786 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Mike Rogers
Committee: Human Resources, Labor and Veterans Affairs

Date Completed: 11-27-97

RATIONALE

The Worker's Disability Compensation Act, among other things, is designed to provide for prompt and efficient payment to employees for work-related injuries. There has been some concern, however, about delays in the payment approval process. According to the Bureau of Worker's Disability Compensation, it can take up to a year before a disputed claim is heard by a magistrate. Although most claims must first be submitted to mediation (after which an unresolved claim may go to a hearing), and mediators may informally resolve many disputes, mediators do not have the authority to approve redemption agreements. Under a redemption agreement, the injured employee accepts a lump sum payment and gives up his or her claim against the liable employer. All redemption agreements presently must be approved by a magistrate. In order to speed the payment of benefits to injured employees, it has been suggested that mediators be allowed to engage in the process for certain redemption cases.

CONTENT

The bill would amend the Worker's Disability Compensation Act to allow a mediator to approve a redemption agreement for \$5,000 or less. A redemption agreement of more than \$5,000 could be approved only by a worker's compensation magistrate.

Under the bill, legal counsel would not be required for either party in cases of redemption of \$5,000 or less that were heard by a mediator.

The bill specifies that unless review was ordered or requested within 15 days after the date the order of the worker's compensation magistrate was mailed to or personally served on the parties, the order would become final. (The current Act refers only to an order that was mailed.)

Currently, a redemption agreement may be approved by a worker's compensation magistrate if the magistrate finds that the redemption agreement serves the Act's purpose and is agreed to by all parties; an application for mediation or a hearing, if filed, alleges a compensable cause of action; and the injured employee is fully aware of his or her rights under the Act and the consequences of the agreement. Under the bill, a mediator also would have to make the same findings.

MCL 418.836 & 418.837

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would reduce some delay in the payment approval process by allowing a mediator to hear and approve redemption agreements under \$5,000, and not requiring the presence of legal counsel for these cases. The bill also would reduce the burden on worker's compensation magistrates by allowing them to share responsibility for cases under \$5,000 with mediators. According to the Bureau, over 15,000 redemption hearings are held yearly. By authorizing mediators to handle a portion of these cases, the bill would enable magistrates to focus on more complex disputes and to hear cases in a more timely manner.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.