1	ENGROSSED HOUSE
	BILL NO. 2238 By: Sears and Casey of the
2	House
3	and
4	Jolley and Treat of the Senate
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8	An Act relating to workers' compensation; amending Section 28, Chapter 208, O.S.L. 2013, as amended by
9	Section 1, Chapter 169, O.S.L. 2014, Section 31, Chapter 208, O.S.L. 2013, and Section 165, Chapter
10	208, O.S.L. 2013 (85A O.S. Supp. 2014, Sections 28, 31 and 122), which relate to the Administrative
11	Workers' Compensation Act; eliminating certain fund; providing for deposit of fines and penalties;
12	transferring certain monies; creating the Workers' Compensation Commission Revolving Fund; providing for
13	source of funding; providing purpose; providing for budgeting and expenditures; eliminating certain
14	restrictions on insurance rates; eliminating certain payments excluded from the Multiple Injury Trust
15	Fund; stating permissible uses of the Workers' Compensation Commission Revolving Fund; expanding
16	purpose of certain assessments; providing for allocation of certain monies collected; creating the
17	Workers' Compensation Administrative Fund; providing source of funding; providing purpose; providing for
18	budgeting and expenditures; providing for codification; providing an effective date; and
19	declaring an emergency.
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22	BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
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SECTION 1. AMENDATORY Section 28, Chapter 208, O.S.L.
 2013, as amended by Section 1, Chapter 169, O.S.L. 2014 (85A O.S.
 Supp. 2014, Section 28), is amended to read as follows:
 Section 28. A. There are established within the Office of the

5 State Treasurer three two separate funds:

6 1. The "Workers' Compensation Fund";

7 2. The "Multiple Injury Trust Fund"; and

8 3. 2. The "Self-insurance Guaranty Fund".

B. Except as provided in Section 97 of this title, no money
shall be appropriated from these funds for any purpose except for
the use and benefit, or at the direction, of the Oklahoma Workers'
Compensation Commission.

C. Except as provided in Section 96 of this title, all funds established under this section shall be administered, disbursed, and invested under the direction of the Commission and the State Treasurer.

D. All incomes derived through investment of the Workers'
Compensation Fund and the Multiple Injury Trust Fund shall be
credited as investment income to the fund that participated in the
investment.

E. No monies deposited to these funds shall be subject to any
deduction, tax, levy, or any other type of assessment.

F. If the balance in the Multiple Injury Trust Fund becomesinsufficient to fully compensate those employees to whom it is

obligated, payment shall be suspended until such time as the
 Multiple Injury Trust Fund is capable of meeting its obligations,
 paying all arrearages, and restoring normal benefit payments.

G. On the effective maturity dates of each investment, the
investment shall be transferred to the State Treasurer for deposit
into the Multiple Injury Trust Fund created in this section.

H. The Workers' Compensation Fund shall be used to fund the
activities of the Commission in administering the Administrative
Workers' Compensation Act and for any other purposes related to the
Administrative Workers' Compensation Act that the Commission deems
appropriate, subject to the provisions of Section 122 of this title.

I. Unless provided otherwise in the Administrative Workers'
 Compensation Act, all fines and penalties assessed under the
 Administrative Workers' Compensation Act shall be deposited into the
 Workers' Compensation <u>Commission Revolving</u> Fund. <u>Any monies</u>
 <u>remaining in the Workers' Compensation Fund on June 30, 2015, shall</u>
 <u>be transferred to the Workers' Compensation Commission Revolving</u>
 Fund.

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 28.1 of Title 85A, unless there
is created a duplication in numbering, reads as follows:
There is hereby created in the State Treasury a revolving fund
for the Workers' Compensation Commission to be designated the
"Workers' Compensation Commission Revolving Fund". The fund shall

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be a continuing fund, not subject to fiscal year limitations, and 1 shall consist of all monies received by the Workers' Compensation 2 3 Commission from the revenues apportioned pursuant to Section 122 of 4 Title 85A of the Oklahoma Statutes and such other sources as may be 5 provided by law. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Workers' 6 7 Compensation Commission for the purpose of funding the operations of the Commission and administering the Administrative Workers' 8 9 Compensation Act and for any other purposes related to the 10 Administrative Workers' Compensation Act that the Commission deems appropriate. Expenditures from said fund shall be made upon 11 12 warrants issued by the State Treasurer against claims filed as 13 prescribed by law with the Director of the Office of Management and 14 Enterprise Services for approval and payment.

SECTION 3. AMENDATORY Section 31, Chapter 208, O.S.L. 2013 (85A O.S. Supp. 2014, Section 31), is amended to read as follows:

Section 31. A. The Multiple Injury Trust Fund shall be derived from the following additional sources:

As soon as practicable after January 1 of each year, the
 commissioners of the Workers' Compensation Commission shall
 establish an assessment rate applicable to each mutual or
 interinsurance association, stock company, CompSource Oklahoma, or
 other insurance carrier writing workers' compensation insurance in

1 this state, each employer carrying its own risk, and each group self-insurance association, for amounts for purposes of computing 2 the assessment authorized by this section necessary to pay the 3 annual obligations of the Multiple Injury Trust Fund determined on 4 5 or before December 31 of each year by the MITF Director, provided for in subsection P of this section, to be outstanding for the next 6 calendar year, and to pay the allocations provided for in subsection 7 I of this section. The rate shall be equal for all parties required 8 9 to pay the assessment. If CompSource begins operating as a mutual 10 insurance company, the Board of Directors for CompSource Mutual 11 Insurance Company shall have the power to disapprove the rate 12 established by the MITF Director until the Multiple Injury Trust 13 Fund repays in full the amount due on any loan from CompSource 14 Mutual Insurance Company or its predecessor CompSource Oklahoma. Ιf 15 the MITF Director and CompSource have not agreed on the assessment 16 rate within thirty (30) days, the Commission shall set an assessment 17 rate sufficient to cover all foreseeable obligations of the Multiple 18 Injury Trust Fund, including interest and principal owed by the Fund 19 on any loan. The rate in effect on the effective date of this act 20 shall remain effective through June 30, 2014;

21 2. The Oklahoma Tax Commission shall assess and collect from 22 any uninsured employer a temporary assessment at the rate of five 23 percent (5%) of the total compensation for permanent total 24 disability awards, permanent partial disability awards, and death

1 benefits paid out during each quarter of the calendar year by the 2 employers;

The assessments shall be paid to the Tax Commission. 3 3. 4 Insurance carriers, self-insurers, group self-insurance associations 5 and CompSource Oklahoma shall pay the assessment in four equal installments not later than the fifteenth day of the month following 6 7 the close of each quarter of the calendar year of the assessment. Assessments shall be determined based upon gross direct written 8 9 premiums, normal premiums or actual paid losses of the paying party, 10 as applicable, during the calendar quarter for which the assessment is due. Uninsured employers shall pay the assessment not later than 11 the fifteenth day of the month following the close of each quarter 12 13 of the calendar year of the assessment. For purposes of this 14 section, "uninsured employer" means an employer required by law to carry workers' compensation insurance but who has failed or 15 16 neglected to do so. Only one-third (1/3) of assessments against 17 insurance carriers and CompSource Oklahoma may be charged to 18 policyholders and shall not be considered in determining whether any 19 rate is excessive. The remaining two-thirds (2/3) of assessments 20 against insurance carriers and CompSource Oklahoma may not be 21 included in any rate, premium, charge, fee, assessment or other 22 amount to be collected from a policyholder. Insurance carriers and 23 CompSource Oklahoma shall not separately state the amount of the 24 assessment on any invoice or billing assessment.

1 The assessment authorized in this section shall be a. 2 determined using a rate equal to the proportion that the sum of the outstanding obligations of the Multiple 3 4 Injury Trust Fund as determined pursuant to paragraph 5 1 of this subsection and the allocations provided for in subsection I of this section bear to the combined 6 7 gross direct written premiums of all such insurers; all actual paid losses of all individual self-8 9 insureds; and the normal premium of all group self-10 insurance associations, for the year period from January 1 to December 31 preceding the assessment. 11 For purposes of this subsection: 12 b. 13 "actual paid losses" means all medical and (1)14 indemnity payments, including temporary 15 disability, permanent disability, and death 16 benefits, and excluding loss adjustment expenses 17 and reserves, and 18 "normal premium" means a standard premium less (2)19 any discounts; 20 4. By April 15 of each year, the Insurance Commissioner, the 21 MITF Director and each individual and group self-insured shall 22 provide the Commission with such information as the Commission may 23 determine is necessary to effectuate the purposes of this section; 24

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1 5. Each mutual or interinsurance association, stock company, 2 CompSource Oklahoma, or other insurance carrier writing workers' 3 compensation insurance in this state, and each employer carrying its 4 own risk, including each group self-insurance association, shall be 5 notified by the Commission in writing of the rate for the assessment on or before May 1 of each year in which a rate is determined. 6 The 7 rate determined by the Commission shall be in effect for four calendar quarters beginning July 1 following determination by the 8 9 Commission; and 10 6. a. No mutual or interinsurance association, stock 11 company, CompSource Oklahoma, or other insurance carrier writing workers' compensation insurance in 12 13 this state may be assessed in any year an amount 14 greater than six percent (6%) of the gross direct 15 written premiums of that insurer. 16 No employer carrying its own risk may be assessed in b. 17 any year an amount greater than six percent (6%) of 18 the total actual paid losses of that individual self-19 insured. 20 No group self-insurance association may be assessed in с. 21 any year an amount greater than six percent (6%) of 22 the normal premium of that group self-insurance 23 association. 24

1 d. If the maximum assessment does not provide in any one 2 year an amount sufficient to make all necessary 3 payments for obligations of the Multiple Injury Trust 4 Fund and for the allocations provided for in 5 subsection I of this section, the unpaid portion shall be paid as soon thereafter as funds become available. 6 7 The Multiple Injury Trust Fund is hereby authorized to Β.

8 receive and expend monies appropriated by the Legislature.

9 C. It shall be the duty of the Tax Commission to collect the 10 payments provided for in this act. The Tax Commission is hereby 11 authorized to bring an action for the recovery of any delinquent or 12 unpaid payments required in this section.

13 Any mutual or interinsurance association, stock company, or D. 14 other insurance company, which is subject to regulation by the 15 Insurance Commissioner, or CompSource Oklahoma, failing to make 16 payments required in this act promptly and correctly, and failing to 17 report payment of the same to the Insurance Commission within ten 18 (10) days of payment shall be subject to administrative penalties as 19 allowed by law, including but not limited to a fine in the amount of 20 Five Hundred Dollars (\$500.00) or an amount equal to one percent 21 (1%) of the unpaid amount, whichever is greater, to be paid to the 22 Insurance Commissioner.

E. Any employer carrying its own risk, or group self-insurance
association failing to make payments required in this act promptly

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and correctly, and failing to report payment of the same to the Commission within ten (10) days of payment shall be subject to administrative penalties as allowed by law, including but not limited to a fine in the amount of Five Hundred Dollars (\$500.00) or an amount equal to one percent (1%) of the unpaid amount, whichever is greater, to be paid to the Commission.

7 On or before the first day of April of each year, the F. 1. State Treasurer shall advise the Commission, the MITF Director and 8 9 the Tax Commission of the amount of money held as of March 1 of that 10 year by the State Treasurer to the credit of the Multiple Injury 11 Trust Fund. On or before the first day of November of each year, 12 the State Treasurer shall advise the Commission, the MITF Director 13 and the Tax Commission of the amount of money held as of October 1 14 of that year by the State Treasurer to the credit of the Multiple 15 Injury Trust Fund.

16 2. Until such time as the Multiple Injury Trust Fund fully 17 satisfies any loan obligation payable to CompSource Mutual Insurance 18 Company or its predecessor CompSource Oklahoma, the State Treasurer 19 shall:

20a. advise the Chief Executive Officer of CompSource on or21before the first day of April of the money held as of22March 1 of that year by the State Treasurer to the23credit of the Multiple Injury Trust Fund, and

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b. advise the Chief Executive Officer of CompSource on or
before the first day of November of the money held as
of October 1 of that year by the State Treasurer to
the credit of the Multiple Injury Trust Fund.

5 G. Eighty percent (80%) of all sums held by the State Treasurer to the credit of the Multiple Injury Trust Fund may by order of the 6 MITF Director be invested in or loaned on the pledge of any of the 7 securities in which a state bank may invest the monies deposited 8 9 therein by the State Treasurer; or may be deposited in state or 10 national banks or trust companies upon insured time deposit bearing 11 interest at a rate no less than currently being paid upon insured savings accounts in the institutions. As used in this section, 12 13 "insured" means insurance as provided by an agency of the federal 14 government. All such securities or evidence of indebtedness shall 15 be placed in the hands of the State Treasurer, who shall be the 16 custodian thereof, who shall collect the principal and interest when 17 due, and pay the same into the Multiple Injury Trust Fund. The 18 State Treasurer shall pay by vouchers drawn on the Multiple Injury 19 Trust Fund for the making of such investments, when signed by the 20 MITF Director, upon delivery of such securities or evidence of 21 indebtedness to the State Treasurer. The MITF Director may sell any 22 of such securities, the proceeds thereof to be paid over to the 23 State Treasurer for the Multiple Injury Trust Fund.

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H. The refund provisions of Sections 227 through 229 of Title
 68 of the Oklahoma Statutes shall be applicable to any payments made
 to the Multiple Injury Trust Fund. Refunds shall be paid from and
 out of the Multiple Injury Trust Fund.

The Tax Commission shall pay, monthly, to the State 5 I. Treasurer to the credit of the Multiple Injury Trust Fund all monies 6 7 collected pursuant to the provisions of this section, less the annual sum of Two Million Five Hundred Fifty Thousand Dollars 8 9 (\$2,550,000.00), of which One Million Two Hundred Seventy-five 10 Thousand Dollars (\$1,275,000.00) shall be payable by the Tax 11 Commission to the State Treasurer in equal monthly installments to 12 the credit of the Department of Labor, Six Hundred Thirty-seven 13 Thousand Five Hundred Dollars (\$637,500.00) shall be payable in 14 equal monthly installments to the credit of the Office of the 15 Attorney General, and Six Hundred Thirty-seven Thousand Five Hundred 16 Dollars (\$637,500.00) shall be payable in equal monthly installments to the credit of the Oklahoma Department of Career and Technology 17 18 Education. Monies received by the Department of Labor under this 19 section shall be used for safety consultation and the regulation of 20 the safety of public employees through the Occupational Safety and 21 Health Act of 1970. Monies received by the Office of the Attorney 22 General shall be deposited to the credit of the Attorney General's 23 Workers' Compensation Fraud Unit Revolving Fund created pursuant to 24 Section 19.2 of Title 74 of the Oklahoma Statutes. Monies received

by the Oklahoma Department of Career and Technology Education shall supplement other funding to the Department for purposes of implementing the provisions of subsection B of Section 414 of Title 40 of the Oklahoma Statutes. The State Treasurer shall pay out of the Multiple Injury Trust Fund only upon the order and direction of the Workers' Compensation Commission acting under the provisions hereof.

J. The Commission shall promulgate rules as the Commission
deems necessary to effectuate the provisions of this section.

10 K. The Insurance Commissioner shall promulgate rules relating 11 to insurers as defined in Title 36 of the Oklahoma Statutes, as the 12 Insurance Commissioner deems necessary to effectuate the provisions 13 of this section.

L. The MITF Director shall have authority to fulfill all
payment obligations of the Multiple Injury Trust Fund.

M. The Multiple Injury Trust Fund may enter into an agreement
with any reinsurer licensed to sell reinsurance by the Insurance
Commissioner pursuant to a competitive process administered by the
Director of Central Purchasing in the Office of Management and
Enterprise Services.

N. Any dividend, rebate, or other distribution, payable by CompSource Oklahoma or any other workers' compensation insurance carrier, to a state agency policyholder shall be paid to the State Treasurer, and shall be credited as follows:

In the event of failure of the Multiple Injury Trust Fund to
 meet all lawful obligations, the monies shall be credited to the
 Multiple Injury Trust Fund and shall be used by the Multiple Injury
 Trust Fund to meet all lawful obligations of the Multiple Injury
 Trust Fund; and

2. Otherwise, all future dividends made by CompSource Oklahoma
or any workers' compensation insurance carrier, on behalf of state
agencies, shall be deposited to the credit of the General Revenue
Fund of the State Treasury.

10 O. The Workers' Compensation Commission shall be charged with
11 the administration and protection of the Multiple Injury Trust Fund.
12 P. The person serving as the Administrator of the Multiple

13 Injury Trust Fund on the date of passage and approval of this act 14 shall serve as the initial MITF Director, provided such person is 15 serving as the Administrator of the Multiple Injury Trust Fund on 16 the effective date of this act. The MITF Director shall be 17 appointed by and serve at the pleasure of the Governor.

Q. Any party interested shall have a right to bring a proceeding in the Supreme Court to review an award of the Commission affecting such Multiple Injury Trust Fund, in the same manner as is provided by law with reference to other awards by the Commission.

R. The State Treasurer shall allocate to the Commission out of the Multiple Injury Trust Fund sufficient funds for administration expenses thereof in amounts to be fixed and approved by the

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Administrator for the Multiple Injury Trust Fund, unless rejected by
 the Commission.

3 SECTION 4. AMENDATORY Section 165, Chapter 208, O.S.L.
4 2013 (85A O.S. Supp. 2014, Section 122), is amended to read as
5 follows:

Section 122. A. The Workers' Compensation <u>Commission Revolving</u>
Fund established by Section <u>28</u> <u>2</u> of this act shall be used for the
costs of administering this act and for other purposes pursuant to
<u>legislative appropriation</u> as authorized by law.

B. For the purpose of providing funds for the Workers'
Compensation <u>Commission Revolving</u> Fund, each <u>for the Workers'</u>
<u>Compensation Administrative Fund created in Section 5 of this act,</u>
<u>for the Multiple Injury Trust Fund created in Section 28 of this</u>
<u>title, and to fund other provisions within this title, the following</u>
tax rates shall apply:

16 1. Each mutual or interinsurance association, stock company, 17 CompSource Oklahoma or other insurance carrier writing workers' 18 compensation insurance in this state shall pay to the Oklahoma Tax 19 Commission an assessment at a rate of one percent (1%) of all gross 20 direct premiums written during each quarter of the calendar year for 21 workers' compensation insurance on risks located in this state after 22 deducting from such gross direct premiums, return premiums, 23 unabsorbed portions of any deposit premiums, policy dividends, 24 safety refunds, savings and other similar returns paid or credited

to policyholders. Such payments to the Tax Commission shall be made not later than the fifteenth day of the month following the close of each quarter of the calendar year in which such gross direct premium is collected or collectible. Contributions made by insurance carriers and CompSource Oklahoma, under the provisions of this section, shall be considered for the purpose of computing workers' compensation rates-; and

C. 2. When an employer is authorized to become a self-insurer, 8 9 the Commission shall so notify the Tax Commission, giving the effective date of such authorization. The Tax Commission shall then 10 11 assess and collect from the employers carrying their own risk an 12 assessment at the rate of two percent (2%) of the total compensation 13 for permanent total disability awards, permanent partial disability 14 awards and death benefits paid out during each quarter of the 15 calendar year by the employers. Such assessment shall be payable by 16 the employers and collected by the Tax Commission according to the 17 provisions of this section regarding payment and collection of the 18 assessment created in paragraph 1 of this subsection C of this 19 section.

D. C. It shall be the duty of the Tax Commission to collect the payments provided for in this act <u>title</u>. The Tax Commission is hereby authorized to bring an action for the recovery of any delinquent or unpaid payments required in this section. The Tax

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1	Commission may also enforce payments by proceeding in accordance
2	with the provisions of Section 98 of this act <u>title</u> .
3	$\overline{\text{B.}}$ $\overline{\text{D.}}$ The Tax Commission shall pay monthly to the State
4	Treasurer to the credit of the General Revenue <u>Multiple Injury Trust</u>
5	Fund all monies collected under the provisions of this section <u>less</u>
6	the annual amounts which shall be apportioned by the Oklahoma Tax
7	Commission as follows:
8	1. Five Million Dollars (\$5,000,000.00) shall be payable in
9	equal monthly installments to the credit of the Workers'
10	Compensation Commission Revolving Fund established in Section 2 of
11	this act for the fiscal year ending June 30, 2016, and Three Million
12	Dollars (\$3,000,000.00) for the fiscal year ending June 30, 2017,
13	and for all subsequent years to be used to implement the provisions
14	of this title; and
15	2. Four Million Dollars (\$4,000,000.00) shall be payable in
16	equal monthly installments to the credit of the Workers'
17	Compensation Administrative Fund established in Section 5 of this
18	act for the fiscal year ending June 30, 2016, Three Million Five
19	Hundred Thousand Dollars (\$3,500,000.00) for the fiscal year ending
20	June 30, 2017, Three Million Five Hundred Thousand Dollars
21	(\$3,500,000.00) for the fiscal year ending June 30, 2018, Three
22	Million Dollars (\$3,000,000.00) for the fiscal year ending June 30,
23	2019, and Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
24	for the fiscal year ending June 30, 2020. Monies deposited in the

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1 Workers' Compensation Administrative Fund shall be used by the 2 Workers' Compensation Court of Existing Claims to implement 3 provisions provided for in this title.

4 F. E. The refund provisions of Sections 227 through 229 of
5 Title 68 of the Oklahoma Statutes shall be applicable to any
6 payments made pursuant to this section.

7 SECTION 5. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 401.1 of Title 85A, unless there
9 is created a duplication in numbering, reads as follows:

10 There is hereby created in the State Treasury a revolving fund 11 for the Workers' Compensation Court of Existing Claims to be designated the "Workers' Compensation Administrative Fund". 12 The 13 fund shall be a continuing fund, not subject to fiscal year 14 limitations, and shall consist of all monies received by the 15 Workers' Compensation Court of Existing Claims from revenues 16 apportioned pursuant to Section 122 of Title 85A of the Oklahoma 17 Statutes. All monies accruing to the credit of said fund are hereby 18 appropriated and may be budgeted and expended by the Workers' 19 Compensation Court of Existing Claims for the purpose of funding the 20 operations of the Court, for administering the provisions of Titles 21 85 and 85A of the Oklahoma Statutes, and for any other purpose 22 related to the Administrative Workers' Compensation Act that the 23 Court deems appropriate. Expenditures from said fund shall be made 24 upon warrants issued by the State Treasurer against claims filed as

1	prescribed by law with the Director of the Office of Management and
2	Enterprise Services for approval and payment.
3	SECTION 6. This act shall become effective July 1, 2015.
4	SECTION 7. It being immediately necessary for the preservation
5	of the public peace, health and safety, an emergency is hereby
6	declared to exist, by reason whereof this act shall take effect and
7	be in full force from and after its passage and approval.
8	Passed the House of Representatives the 20th day of May, 2015.
9	
10	Presiding Officer of the House
11	of Representatives
12	Passed the Senate the day of , 2015.
13	rassed the schate the day of, 2013.
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15	Presiding Officer of the Senate
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