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BILL ANALYSIS



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Senate Bill 543 (as introduced 5-18-95)
Sponsor: Senator Don Koivisto
Committee: Human Resources, Labor and Veterans Affairs

Date Completed: 12-4-96

CONTENT

The bill would amend the Worker's Disability Compensation Act to validate provisions in a mutually agreed upon collective bargaining agreement concerning alternative dispute resolution, health care providers, medical examinations, light-duty, modified-job, or return-to-work programs, vocational rehabilitation, and joint safety committees. The Bureau of Workers' Disability Compensation would be required to report annually on these agreements and the number of workers covered by them.

The bill specifies that, notwithstanding any other provision of the Act, a provision that was mutually agreed upon in any collective bargaining agreement filed with the Bureau between a recognized or certified exclusive collective bargaining representative and a self-insured employer, group self-insured employer, or other employer or group of employers engaged in construction, construction maintenance, or related activities, establishing any of the following, would be valid and binding:

- The use of an agreed-upon list of certified health care providers of medical treatment that could be the exclusive source of all medical treatment under the Act.
- For independent medical examinations, the use of a limited list of physicians that the parties could agree would be the exclusive source of independent medical examiners under the Act.
- A light-duty, modified-job, or return-to-work program.
- A vocational rehabilitation or retraining program using an agreed-upon list of providers of rehabilitation services that could be the exclusive source of providers of such services under the Act.
- Joint labor management safety committees.
- An alternative dispute resolution (ADR) system to supplement, modify, or replace the system provided by the Act.

An ADR system could include, but would not be limited to, conciliation, mediation, and arbitration. A decision under the ADR system would have the same force and effect as a decision rendered by a workers' compensation magistrate under the Act. An ADR system would have to provide that a decision rendered was subject to review by the Workers' Compensation Appellate Commission in the manner provided in the Act for appeals from the Board of Magistrates. A final order of the Commission could be reviewed in the same manner as other Commission orders.

The bill specifies that nothing in it would allow any agreement that diminished an employee's entitlement to benefits as otherwise provided in the Act. An agreement that violated the bill would be null and void.

A copy of a collective bargaining agreement and the approximate number of employees who would be covered by it would have to be filed with the Bureau. The Bureau director would have to review the agreements for compliance with the bill, notify the parties if any provisions were not in compliance, and recommend appropriate action to bring the agreements into compliance.

The Bureau would have to provide an annual report to the Department of Labor (now within the Department of Consumer and Industry Services) identifying the number of collective bargaining agreements received and the number of employees covered by them. (The bill states that this requirement would begin on July 1, 1996.)

By June 30, 1998, the Bureau would have to prepare and notify members of the Legislature that a report authorized by the bill was available upon request. The report based upon aggregate data would have to include the following: person hours covered by agreements filed; the number of claims filed; the average cost per claim; the number of litigated claims, including the number of claims submitted to an ADR system and the number appealed to the Appellate Commission; the number of contested claims resolved before submission to an ADR system; the projected incurred costs and actual costs of claims; safety history; the number of workers participating in vocational rehabilitation; and the number of workers participating in light-duty programs.

The data obtained by the Bureau under the bill would be subject to the disclosure requirements of Section 230 of the Act (which describes records that are confidential and records that may be released).

Proposed MCL 314.181

Legislative Analyst: S. Margules

FISCAL IMPACT

This bill could result in some administrative cost savings for the Bureau of Workers' Disability Compensation if the number of cases reviewed under the current system were reduced by the introduction of the ADR system. These savings would be offset, and possibly exceeded, by the additional administrative responsibilities that would be required by this bill. These include the review of all collective bargaining agreements to ensure they were in compliance with the bill, the compilation of an annual report identifying the number of agreements and employees, and the report to the legislature compiling the aggregate data outlined in the bill. It is difficult to estimate what these costs would total, but the Bureau estimates that these additional responsibilities could increase the annual administrative costs of the Bureau as additional staff might be required to meet these new responsibilities.

Fiscal Analyst: M. Tyszkiewicz

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