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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **1848**

March 8, 2007

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act  
1.2 relating to workers' compensation; requiring employers to pay for continued  
1.3 health coverage for injured workers; requiring employers to pay attorney fees in  
1.4 certain cases; amending Minnesota Statutes 2006, sections 176.021, subdivisions  
1.5 1, 3; 176.081, subdivision 1.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2006, section 176.021, subdivision 1, is amended to read:

1.8 Subdivision 1. **Liability for compensation and medical insurance premiums.**

1.9 Except as excluded by this chapter all employers and employees are subject to the  
1.10 provisions of this chapter.

1.11 Every employer is liable for compensation according to the provisions of this  
1.12 chapter and is liable to pay compensation in every case of personal injury or death of an  
1.13 employee arising out of and in the course of employment without regard to the question of  
1.14 negligence. In addition, every employer is liable to continue paying the total cost of an  
1.15 employee's medical insurance premium in the case of personal injury or death arising out  
1.16 of and in the course of employment without regard to the question of negligence, if the  
1.17 employee was receiving the medical insurance coverage at the time of injury or death.

1.18 The burden of proof of these facts is upon the employee.

1.19 If the injury was intentionally self-inflicted or the intoxication of the employee is  
1.20 the proximate cause of the injury, then the employer is not liable for compensation. The  
1.21 burden of proof of these facts is upon the employer.

1.22 Sec. 2. Minnesota Statutes 2006, section 176.021, subdivision 3, is amended to read:

1.23 Subd. 3. **Compensation, commencement of payment.** All employers shall  
1.24 commence payment of compensation and continue payment of any medical insurance

2.1 premiums at the time and in the manner prescribed by this chapter without the necessity  
2.2 of any agreement or any order of the division. Except for medical, burial, and other  
2.3 nonperiodic benefits, payments shall be made as nearly as possible at the intervals when  
2.4 the wage was payable, provided, however, that payments for permanent partial disability  
2.5 shall be governed by section 176.101. If doubt exists as to the eventual permanent partial  
2.6 disability, payment shall be then made when due for the minimum permanent partial  
2.7 disability ascertainable, and further payment shall be made upon any later ascertainment  
2.8 of greater permanent partial disability. Prior to or at the time of commencement of  
2.9 the payment of permanent partial compensation, the employee and employer shall be  
2.10 furnished with a copy of the medical report upon which the payment is based and all  
2.11 other medical reports which the insurer has that indicate a permanent partial disability  
2.12 rating, together with a statement by the insurer as to whether the tendered payment is for  
2.13 minimum permanent partial disability or final and eventual disability. After receipt of all  
2.14 reports available to the insurer that indicate a permanent partial disability rating, the  
2.15 employee shall make available or permit the insurer to obtain any medical report that the  
2.16 employee has or has knowledge of that contains a permanent partial disability rating which  
2.17 the insurer does not already have. Permanent partial compensation pursuant to section  
2.18 176.101 is payable in addition to but not concurrently with compensation for temporary  
2.19 total disability but is payable pursuant to section 176.101. Impairment compensation  
2.20 is payable concurrently and in addition to compensation for permanent total disability  
2.21 pursuant to section 176.101. Permanent partial compensation pursuant to section 176.101  
2.22 shall be withheld pending completion of payment for temporary total disability, and no  
2.23 credit shall be taken for payment of permanent partial compensation against liability for  
2.24 temporary total or future permanent total disability. Liability on the part of an employer  
2.25 or the insurer for disability of a temporary total, temporary partial, and permanent total  
2.26 nature shall be considered as a continuing product and part of the employee's inability  
2.27 to earn or reduction in earning capacity due to injury or occupational disease and  
2.28 compensation is payable accordingly, subject to section 176.101. Permanent partial  
2.29 compensation is payable for functional loss of use or impairment of function, permanent  
2.30 in nature, and payment therefore shall be separate, distinct, and in addition to payment for  
2.31 any other compensation, subject to section 176.101. The right to receive temporary total,  
2.32 temporary partial, or permanent total disability payments vests in the injured employee or  
2.33 the employee's dependents under this chapter or, if none, in the employee's legal heirs at  
2.34 the time the disability can be ascertained and the right is not abrogated by the employee's  
2.35 death prior to the making of the payment.

3.1 The right to receive permanent partial compensation vests in an injured employee  
3.2 at the time the disability can be ascertained provided that the employee lives for at least  
3.3 30 days beyond the date of the injury. Upon the death of an employee who is receiving  
3.4 economic recovery compensation or impairment compensation, further compensation is  
3.5 payable pursuant to section 176.101. Impairment compensation is payable under this  
3.6 paragraph if vesting has occurred, the employee dies prior to reaching maximum medical  
3.7 improvement, and the requirements and conditions under section 176.101, subdivision  
3.8 3e, are not met.

3.9 Disability ratings for permanent partial disability shall be based on objective  
3.10 medical evidence.

3.11 Sec. 3. Minnesota Statutes 2006, section 176.081, subdivision 1, is amended to read:

3.12 Subdivision 1. **Limitation of fees.** (a) A fee for legal services of 25 percent of the  
3.13 first \$4,000 of compensation awarded to the employee and 20 percent of the next \$60,000  
3.14 of compensation awarded to the employee is the maximum permissible fee and does  
3.15 not require approval by the commissioner, compensation judge, or any other party. All  
3.16 fees, including fees for obtaining medical or rehabilitation benefits, must be calculated  
3.17 according to the formula under this subdivision, except as otherwise provided in clause  
3.18 (1) or (2).

3.19 (1) The contingent attorney fee for recovery of monetary benefits according to the  
3.20 formula in this section is presumed to be adequate to cover recovery of medical and  
3.21 rehabilitation benefit or services concurrently in dispute. Attorney fees for recovery of  
3.22 medical or rehabilitation benefits or services shall be assessed against the employer or  
3.23 insurer ~~only if the attorney establishes that the contingent fee is inadequate to reasonably~~  
3.24 ~~compensate the attorney for representing the employee in the medical or rehabilitation~~  
3.25 ~~dispute. In cases where the contingent fee is inadequate the employer or insurer is liable~~  
3.26 ~~for attorney fees based on the formula in this subdivision or in clause (2) if the employee's~~  
3.27 claim prevails.

3.28 For the purposes of applying the formula where the employer or insurer is liable for  
3.29 attorney fees, the amount of compensation awarded for obtaining disputed medical and  
3.30 rehabilitation benefits under sections 176.102, 176.135, and 176.136 shall be the dollar  
3.31 value of the medical or rehabilitation benefit awarded, where ascertainable.

3.32 (2) The maximum attorney fee for obtaining a change of doctor or qualified  
3.33 rehabilitation consultant, or any other disputed medical or rehabilitation benefit for which  
3.34 a dollar value is not reasonably ascertainable, is the amount charged in hourly fees for the  
3.35 representation or \$500, whichever is less, to be paid by the employer or insurer.

4.1 (3) The fees for obtaining disputed medical or rehabilitation benefits are included  
4.2 in the \$13,000 limit in paragraph (b). An attorney must concurrently file all outstanding  
4.3 disputed issues. An attorney is not entitled to attorney fees for representation in any  
4.4 issue which could reasonably have been addressed during the pendency of other issues  
4.5 for the same injury.

4.6 (b) All fees for legal services related to the same injury are cumulative and may  
4.7 not exceed \$13,000. If multiple injuries are the subject of a dispute, the commissioner,  
4.8 compensation judge, or court of appeals shall specify the attorney fee attributable to  
4.9 each injury.

4.10 (c) If the employer or the insurer or the defendant is given written notice of claims  
4.11 for legal services or disbursements, the claim shall be a lien against the amount paid or  
4.12 payable as compensation. Subject to the foregoing maximum amount for attorney fees,  
4.13 up to 25 percent of the first \$4,000 of periodic compensation awarded to the employee  
4.14 and 20 percent of the next \$60,000 of periodic compensation awarded to the employee  
4.15 may be withheld from the periodic payments for attorney fees or disbursements if the  
4.16 payor of the funds clearly indicates on the check or draft issued to the employee for  
4.17 payment the purpose of the withholding, the name of the attorney, the amount withheld,  
4.18 and the gross amount of the compensation payment before withholding. In no case  
4.19 shall fees be calculated on the basis of any undisputed portion of compensation awards.  
4.20 Allowable fees under this chapter shall be based solely upon genuinely disputed claims or  
4.21 portions of claims, including disputes related to the payment of rehabilitation benefits or  
4.22 to other aspects of a rehabilitation plan. The existence of a dispute is dependent upon a  
4.23 disagreement after the employer or insurer has had adequate time and information to take  
4.24 a position on liability. Neither the holding of a hearing nor the filing of an application for a  
4.25 hearing alone may determine the existence of a dispute. Except where the employee is  
4.26 represented by an attorney in other litigation pending at the department or at the Office  
4.27 of Administrative Hearings, a fee may not be charged after June 1, 1996, for services  
4.28 with respect to a medical or rehabilitation issue arising under section 176.102, 176.135,  
4.29 or 176.136 performed before the employee has consulted with the department and the  
4.30 department certifies that there is a dispute and that it has tried to resolve the dispute.

4.31 (d) An attorney who is claiming legal fees for representing an employee in a workers'  
4.32 compensation matter shall file a statement of attorney fees with the commissioner,  
4.33 compensation judge before whom the matter was heard, or Workers' Compensation Court  
4.34 of Appeals on cases before the court. A copy of the signed retainer agreement shall also  
4.35 be filed. The employee and insurer shall receive a copy of the statement. The statement

5.1 shall be on a form prescribed by the commissioner and shall report the number of hours  
5.2 spent on the case.

5.3 (e) Employers and insurers may not pay attorney fees or wages for legal services  
5.4 of more than \$13,000 per case.

5.5 (f) An attorney must file a statement of attorney fees within 12 months of the date  
5.6 the attorney has submitted the written notice specified in paragraph (c). If the attorney  
5.7 has not filed a statement of attorney fees within the 12 months, the attorney must send a  
5.8 renewed notice of lien to the insurer. If 12 months have elapsed since the last notice of  
5.9 lien has been received by the insurer and no statement of attorney fees has been filed, the  
5.10 insurer must release the withheld money to the employee, except that before releasing the  
5.11 money to the employee, the insurer must give the attorney 30 days' written notice of the  
5.12 pending release. The insurer must not release the money if the attorney files a statement of  
5.13 attorney fees within the 30 days.