

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 625

S.P. 197

In Senate, January 30, 1997

**An Act to Clarify the Laws Governing the Calculation of Interest on
Decrees under the Workers' Compensation Laws.**

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

Be it enacted by the People of the State of Maine as follows:

2
3 **Sec. 1. 39-A MRSA §205, sub-§6**, as enacted by PL 1991, c. 885,
4 Pt. A, §8 and affected by §§9 to 11, is repealed and the
5 following enacted in its place:

6 **6. Interest.** An employer or an insurance carrier shall pay
7 simple interest on a benefit owed under Title 39-A at the rate of
8 1% per month for each calendar month that the payment has been
9 due, commencing with the month following the month in which the
10 obligation is incurred and ending with the month in which the
11 obligation is paid.

12
13 **Sec. 2. 39-A MRSA §205, sub-§9, ¶F**, as enacted by PL 1991, c.
14 885, Pt. A, §8 and affected by §§9 to 11, is amended to read:

15 F. If benefits have been discontinued or reduced pursuant
16 to paragraph A or B and the board, after hearing, determines
17 that benefits have been wrongfully withheld, the board shall
18 order payment of all benefits withheld together with
19 interest ~~at the rate of 6% a year~~ in accordance with section
20 205, subsection 6. The employer shall pay this amount
21 within 10 days of the order.

22
23 **Sec. 3. Application.** This Act applies to all benefits that are
24 due after the effective date of this Act.

25 SUMMARY

26
27 This bill clarifies the payment of simple interest on
28 overdue workers' compensation benefits. Current law identifies 2
29 different rates of interest.

30
31 The bill establishes a rate of 1% per month for each full
32 calendar month that the benefit payment has been due and gives a
33 period of grace for the month in which each benefit first
34 accrues. Benefits payable within each calendar month are treated
35 as a single award with interest to accrue only from the end of
36 the month forward. The bill clarifies that the same rate applies
37 to both medical bills and wage benefits included within the
38 award. The method of calculation applies to all workers'
39 compensation obligations arising after the effective date of the
40 bill regardless of the date of injury.