

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1995

Legislative Document

No. 1633

S.P. 626

In Senate, January 2, 1995

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

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

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 A, §8 and affected by §§9 to 11, is repealed and the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

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

14 **Sec. 2. 39-A MRSA §205, sub-§9, ¶F**, as enacted by PL 1991, c.
16 885, Pt. A, §8 and affected by §§9 to 11, is amended to read:

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

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

28 **STATEMENT OF FACT**

30 This bill clarifies the payment of interest on overdue
32 workers' compensation benefits. Current law identifies 2
different rates of interest.

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