

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 943

H.P. 700

House of Representatives, February 25, 2003

### **An Act To Discourage Abuse and Fraud under the Workers' Compensation Laws**

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Reference to the Committee on Labor suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative SUSLOVIC of Portland.  
Cosponsored by Senator BROMLEY of Cumberland and  
Representatives: DUPREY of Medway, KOFFMAN of Bar Harbor, SAVIELLO of Wilton,  
Senator: STRIMLING of Cumberland.

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

4 **Sec. 1. 39-A MRSA §153, sub-§5, ¶A-1** is enacted to read:

6 A-1. The board shall appoint one permanent hearing officer  
8 to the abuse investigation unit to hear complaints or  
allegations brought under section 360 of willful violations  
of this Act, fraud or intentional misrepresentation.

10 **Sec. 2. 39-A MRSA §205, sub-§6**, as enacted by PL 1991, c. 885,  
12 Pt. A, §8 and affected by §§9 to 11, is amended to read:

14 **6. Interest.** When weekly compensation is paid pursuant to  
16 an award, interest on the compensation must be paid at the rate  
of ~~10%~~ 15% per annum from the date each payment was due, until  
paid.

18 **Sec. 3. 39-A MRSA §360, sub-§2**, as enacted by PL 1991, c. 885,  
20 Pt. A, §8 and affected by §§9 to 11, is amended to read:

22 **2. General authority.** The board may assess, after hearing,  
24 a civil penalty in an amount not to exceed ~~\$1,000~~ \$1,500 for an  
individual and ~~\$10,000~~ \$15,000 for a corporation, partnership or  
26 other legal entity for any willful violation of this Act, fraud  
or intentional misrepresentation. The board may also require that  
28 person to repay any compensation received through a violation of  
this Act, fraud or intentional misrepresentation or to pay any  
30 compensation withheld through a violation of this Act, fraud or  
misrepresentation, with interest at the rate of 10% per year.

32 **Sec. 4. Review by Department of the Attorney General.** The  
Department of the Attorney General shall conduct a review of the  
34 insurers in the State writing workers' compensation insurance to  
determine compliance with the Maine Revised Statutes, Title 39-A,  
36 section 205, subsection 6 requiring that insurers pay interest on  
weekly compensation that is paid pursuant to an award. In  
38 furtherance of Title 39-A, section 153, subsection 5, paragraph E  
the Department of the Attorney General shall work in concert with  
40 the abuse investigation unit of the Workers' Compensation Board  
to identify insurance companies that willfully fail to comply  
42 with the requirements of Title 39-A and the rules adopted  
thereunder. Upon completion of its review, the Attorney General  
44 shall initiate any appropriate action, including civil actions  
for recovery of funds or criminal prosecution.

46 **SUMMARY**

48 This bill accomplishes the following:

1. It directs the Workers' Compensation Board to appoint a permanent hearing officer to hear cases alleging fraud, intentional misrepresentation or willful violation of the workers' compensation laws.

2. It increases from \$1,000 to \$1,500 for an individual and from \$10,000 to \$15,000 for a corporation or partnership the penalties that may be imposed for fraud, intentional misrepresentation or a willful violation of the workers' compensation laws.

3. It increases from 10% to 15% the annual rate of interest that must be paid on weekly compensation that is paid pursuant to an award.

4. It directs the Department of the Attorney General to conduct an audit of all of the insurers in the State writing workers' compensation insurance to determine how many insurers have failed to pay interest on awards required by the Maine Revised Statutes, Title 39-A, section 205, subsection 6.