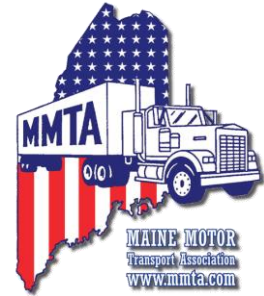


WORKERS' COMPENSATION LEGISLATION UPDATE – 5/17/19



Shortly after we sent out the workers' comp legislation update yesterday, we were notified of additional developments. We understand the Governor convened a meeting on May 9th with key members of her staff, the President of MEMIC, a representative from the Maine State Chamber of Commerce (Chamber) and a representative from the Workers' Compensation Coordinating Council (WCCC). It is unclear if anyone was there representing labor unions, trial attorneys, the Workers' Compensation Board or if politicians were in attendance including the Chairs of the Labor & Housing Committee.

What we are told is that the Governor is seeking compromise from both sides. The framework that came from this meeting included the following:

- Extension of durational benefits – instead of removing them completely;
- Extending the weekly benefits cap to 120% of the state average weekly wage (from 100% now) – instead of removing the cap completely;
- COLA's only on total disability claims – instead of on partial disability claims as well;
- Extension of the current 30-day notice to file a claim – but not to 180 days as proposed;
- And other details that meet somewhere in the middle.
- NOTE: we do not know if the subject of retroactivity was discussed in the context of this negotiated framework.

We further understand the Governor would commit to not supporting any additional changes to the workers' compensation system during her term, whether it is one term or two.

Our immediate concern is whether the Governor was made aware at this meeting of the significant subset of Maine's business community (as evidenced by the 102 signatories on the letter to Chamber President Dana Connors) who do not believe the system is broken and believe there should be no negotiations without offsetting concessions. We are disappointed that the Chamber, after having received this letter on May 7th, would not feel compelled to tell the Governor about this alternate position at a meeting on May 9th.

Regardless, the position we are in right now is that the Governor will have to gain consensus for this negotiated framework within the majority Democrat party and with labor unions and the trial attorneys who are supporting these systemic changes. Understanding the enthusiasm shown by WC bill advocates, this will be a tall task – we have heard the committee Chairs are not particularly thrilled with the result of the negotiated framework. We agree, but for different reasons. As things stand now, if the bills pass as-is your workers' comp. costs will increase dramatically. If the negotiated framework moves ahead and is passed, your workers' comp. costs will still go up... just not as dramatically. Either way, your costs are set to increase if nothing changes.

In the last update, we told you that the final work session for these bills was set for Monday, May 20th. We have since learned that the Labor & Housing Committee has not posted the work session for this date so it may, or may not happen. We will keep you posted.