

HOUSE FLOOR SUBSTITUTE FOR
HOUSE BILL 506

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

AN ACT

RELATING TO EMPLOYMENT; AMENDING THE WORKERS' COMPENSATION ACT
AND THE NEW MEXICO OCCUPATIONAL DISEASE DISABLEMENT LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 52-1-54 NMSA 1978 (being Laws 1987,
Chapter 235, Section 24, as amended) is amended to read:

"52-1-54. FEE RESTRICTIONS--APPOINTMENT OF ATTORNEYS BY
THE DIRECTOR OR WORKERS' COMPENSATION JUDGE--DISCOVERY COSTS--
OFFER OF JUDGMENT--PENALTY FOR VIOLATIONS.--

A. It is unlawful for any person to receive or
agree to receive any fees or payment directly or indirectly in
connection with any claim for compensation under the Workers'
Compensation Act except as provided in this section.

B. In all cases where the jurisdiction of the
workers' compensation administration is invoked to approve a

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underscoring material = new
[bracketed material] = delete

1 settlement of a compensation claim under the Workers'
2 Compensation Act, the director or workers' compensation judge,
3 unless the claimant is represented by an attorney, may in [~~his~~]
4 the director's or judge's discretion appoint an attorney to aid
5 the workers' compensation judge in determining whether the
6 settlement should be approved, and, in the event of an
7 appointment, a reasonable fee for the services of the attorney
8 shall be fixed by the workers' compensation judge, subject to
9 the limitation of Subsection I of this section.

10 C. In all cases where the jurisdiction of the
11 workers' compensation administration is invoked to approve a
12 settlement of a compensation claim under the Workers'
13 Compensation Act and the claimant is represented by an
14 attorney, the total amount paid or to be paid by the employer
15 in settlement of the claim shall be stated in the settlement
16 papers. The workers' compensation judge shall determine and
17 fix a reasonable fee for the claimant's attorney, taking into
18 account any sum previously paid, and the fee fixed by the
19 workers' compensation judge shall be the limit of the fee
20 received or to be received by the attorney in connection with
21 the claim, subject to the limitation of Subsection I of this
22 section.

23 D. The cost of discovery shall be borne by the
24 party who requests it. If, however, the claimant requests any
25 discovery, the employer shall advance the cost of paying for

1 discovery up to a limit of three thousand dollars (\$3,000). If
2 the claimant substantially prevails on the claim, as determined
3 by a workers' compensation judge, any discovery cost advanced
4 by the employer shall be paid by that employer. If the
5 claimant does not substantially prevail on the claim, as
6 determined by a workers' compensation judge, the employer shall
7 be reimbursed for discovery costs advanced according to a
8 schedule for reimbursement approved by a workers' compensation
9 judge.

10 E. In all cases where compensation to which any
11 person is entitled under the provisions of the Workers'
12 Compensation Act is refused and the claimant thereafter
13 collects compensation through proceedings before the workers'
14 compensation administration or courts in an amount in excess of
15 the amount offered in writing by an employer five business days
16 or more prior to the informal hearing before the
17 administration, the compensation to be paid the attorney for
18 the claimant shall be fixed by the workers' compensation judge
19 hearing the claim or the courts upon appeal in the amount the
20 workers' compensation judge or courts deem reasonable and
21 proper, subject to the limitation of Subsection I of this
22 section. In determining and fixing a reasonable fee, the
23 workers' compensation judge or courts shall take into
24 consideration:

25 (1) the sum, if any, offered by the employer:

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1 (a) before the worker's attorney was
2 employed;

3 (b) after the attorney's employment but
4 before proceedings were commenced; and

5 (c) in writing five business days or
6 more prior to the informal hearing;

7 (2) the present value of the award made in the
8 worker's favor; and

9 (3) any failure of a party to participate in a
10 good-faith manner in informal claim resolution methods adopted
11 by the director.

12 F. After a recommended resolution has been issued
13 and rejected, but more than ten days before a trial begins, the
14 employer or claimant may serve upon the opposing party an offer
15 to allow a compensation order to be taken against ~~him~~ the
16 employer or claimant for the money or property or to the effect
17 specified in ~~his~~ the offer, with costs then accrued, subject
18 to the following:

19 (1) if, within ten days after the service of
20 the offer, the opposing party serves written notice that the
21 offer is accepted, either party may then file the offer and
22 notice of acceptance together with proof of service thereof,
23 and thereupon that compensation order may be entered as the
24 workers' compensation judge may direct. An offer not accepted
25 shall be deemed withdrawn, and evidence thereof is not

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1 admissible except in a proceeding to determine costs. If the
2 compensation order finally obtained by the party is not more
3 favorable than the offer, that party shall pay the costs
4 incurred by the opposing party after the making of the offer.
5 The fact that an offer has been made but not accepted does not
6 preclude a subsequent offer;

7 (2) when the liability of one party to another
8 has been determined by a compensation order, but the amount or
9 extent of the liability remains to be determined by further
10 proceedings, the party adjudged liable may make an offer, which
11 shall have the same effect as an offer made before trial if it
12 is served within a reasonable time not less than ten days prior
13 to the commencement of hearings to determine the amount or
14 extent of liability;

15 (3) if the employer's offer was greater than
16 the amount awarded by the compensation order, the employer
17 shall not be liable for ~~[his]~~ the employer's fifty percent
18 share of the attorney fees to be paid the worker's attorney and
19 the worker shall pay one hundred percent of the attorney fees
20 due to the worker's attorney; and

21 (4) if the worker's offer was less than the
22 amount awarded by the compensation order, the employer shall
23 pay one hundred percent of the attorney fees to be paid the
24 worker's attorney, and the worker shall be relieved from any
25 responsibility for paying any portion of the worker's attorney

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1 fees.

2 G. In all actions arising under the provisions of
3 Section 52-1-56 NMSA 1978 where the jurisdiction of the
4 workers' compensation administration is invoked to determine
5 the question whether the claimant's disability has increased or
6 diminished and the claimant is represented by an attorney, the
7 workers' compensation judge or courts upon appeal shall
8 determine and fix a reasonable fee for the services of the
9 claimant's attorney only if the claimant is successful in
10 establishing that ~~[his]~~ the claimant's disability has increased
11 or if the employer is unsuccessful in establishing that the
12 claimant's disability has diminished. The fee when fixed by
13 the workers' compensation judge or courts upon appeal shall be
14 the limit of the fee received or to be received by the attorney
15 for services in the action, subject to the limitation of
16 Subsection I of this section.

17 H. In determining reasonable attorney fees for a
18 claimant, the workers' compensation judge shall consider only
19 those benefits to the worker that the attorney is responsible
20 for securing. The value of future medical benefits shall not
21 be considered in determining attorney fees.

22 I. Attorney fees, including, but not limited to,
23 the costs of paralegal services, legal clerk services and any
24 other related legal services costs on behalf of a claimant or
25 an employer for a single accidental injury claim including

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1 representation before the workers' compensation administration
2 and the courts on appeal shall not exceed [~~sixteen thousand~~
3 ~~five hundred dollars (\$16,500)] twenty-two thousand five
4 hundred dollars (\$22,500). This limitation applies whether the
5 worker, claimant or employer has one or more attorneys
6 representing [~~him~~] the worker, claimant or employer and applies
7 as a cumulative limitation on compensation for all legal
8 services rendered in all proceedings and other matters directly
9 related to a single accidental injury to a claimant. The
10 workers' compensation judge may exceed the maximum amount
11 stated in this subsection in awarding a reasonable attorney fee
12 if he finds that a claimant, an insurer or an employer acted in
13 bad faith with regard to handling the injured worker's claim
14 and the injured worker or employer has suffered economic loss
15 as a result. However, in no case shall this additional amount
16 exceed two thousand five hundred dollars (\$2,500). As used in
17 this subsection, "bad faith" means conduct by the claimant,
18 insurer or employer in the handling of a claim that amounts to
19 fraud, malice, oppression or willful, wanton or reckless
20 disregard of the rights of the worker or employer. Any
21 determination of bad faith shall be made by the workers'
22 compensation judge through a separate fact-finding proceeding.~~

23 J. Except as provided [~~for~~] in Paragraphs (3) and
24 (4) of Subsection F of this section, the payment of a
25 claimant's attorney fees determined under this section shall be

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1 shared equally by the worker and the employer.

2 K. It is unlawful for any person except a licensed
3 attorney to receive or agree to receive any fee or payment for
4 legal services in connection with any claim for compensation
5 under the Workers' Compensation Act.

6 L. Nothing in this section applies to agents,
7 excluding attorneys, representing employers, insurance carriers
8 or the subsequent injury fund in any matter arising from a
9 claim under the Workers' Compensation Act.

10 M. No attorney fees shall be paid until the claim
11 has been settled or adjudged.

12 N. Every person violating the provisions of this
13 section is guilty of a misdemeanor and upon conviction shall be
14 fined not less than fifty dollars (\$50.00) or more than five
15 hundred dollars (\$500), to which may be added imprisonment in
16 the county jail for a term not exceeding ninety days.

17 O. Nothing in this section shall restrict a
18 claimant from being represented before the workers'
19 compensation administration by a nonattorney as long as that
20 nonattorney receives no compensation for that representation
21 from the claimant."

22 Section 2. Section 52-3-47 NMSA 1978 (being Laws 1987,
23 Chapter 235, Section 41, as amended) is amended to read:

24 "52-3-47. FEE RESTRICTIONS--APPOINTMENT OF ATTORNEYS BY
25 THE DIRECTOR OR WORKERS' COMPENSATION JUDGE--DISCOVERY COSTS--

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1 OFFER OF JUDGMENT--PENALTY FOR VIOLATIONS.--

2 A. It is unlawful for any person to receive or
3 agree to receive any fees or payment directly or indirectly in
4 connection with any claim for compensation under the New Mexico
5 Occupational Disease Disablement Law except as provided in this
6 section.

7 B. In all cases where the jurisdiction of the
8 workers' compensation administration is invoked to approve a
9 settlement of a compensation claim under the New Mexico
10 Occupational Disease Disablement Law, the director or workers'
11 compensation judge, unless the claimant is represented by an
12 attorney, may in ~~[his]~~ the director's or judge's discretion
13 appoint an attorney to aid the workers' compensation judge in
14 determining whether the settlement should be approved. In the
15 event of such an appointment, a reasonable fee for the services
16 of the attorney shall be fixed by the workers' compensation
17 judge, subject to the limitation of Subsection I of this
18 section.

19 C. In all cases where the jurisdiction of the
20 workers' compensation administration is invoked to approve a
21 settlement of a compensation claim under the New Mexico
22 Occupational Disease Disablement Law and the claimant is
23 represented by an attorney, the total amount paid or to be paid
24 by the employer in settlement of the claim shall be stated in
25 the settlement papers, and the workers' compensation judge

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1 shall determine and fix a reasonable fee for the claimant's
2 attorney, taking into account any sum previously paid. The fee
3 fixed by the workers' compensation judge shall be the limit of
4 the fee received or to be received by the attorney in
5 connection with the claim, subject to the limitation of
6 Subsection I of this section.

7 D. The cost of discovery shall be borne by the
8 party who requests it. If, however, the claimant requests any
9 discovery, the employer shall advance the cost of paying for
10 discovery up to a limit of [~~one thousand dollars (\$1,000)~~]
11 three thousand dollars (\$3,000). If the claimant substantially
12 prevails on the claim, as determined by a workers' compensation
13 judge, any discovery cost advanced by the employer shall be
14 paid by that employer. If the claimant does not substantially
15 prevail on the claim, as determined by a workers' compensation
16 judge, the employer shall be reimbursed for discovery costs
17 advanced according to a schedule for reimbursement approved by
18 a workers' compensation judge.

19 E. In all cases where compensation to which any
20 person is entitled under the provisions of the New Mexico
21 Occupational Disease Disablement Law is refused and the
22 claimant thereafter collects compensation through proceedings
23 before the workers' compensation administration or courts in an
24 amount in excess of the amount offered in writing by an
25 employer five business days or more prior to the informal

1 hearing before the administration, [~~then~~] the compensation to
2 be paid the attorney for the claimant shall be fixed by the
3 workers' compensation judge hearing the claim or the courts
4 upon appeal in the amount the workers' compensation judge or
5 courts deem reasonable and proper, subject to the limitation of
6 Subsection I of this section. In determining and fixing a
7 reasonable fee, the workers' compensation judge or courts shall
8 take into consideration:

9 (1) the sum, if any, offered by the employer:

10 (a) before the employee's attorney was
11 employed;

12 (b) after the attorney's employment but
13 before proceedings were commenced; and

14 (c) in writing five business days or
15 more prior to the informal hearing;

16 (2) the present value of the award made in the
17 employee's favor; and

18 (3) the failure of a party to participate in a
19 good-faith manner in informal claim resolution methods adopted
20 by the director.

21 F. After a recommended resolution has been issued
22 and rejected, but more than ten days before a trial begins, the
23 employer or claimant may serve upon the opposing party an offer
24 to allow a compensation order to be taken against [~~him~~] the
25 employer or claimant for the money or property or to the effect

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1 specified in [~~his~~] the offer, with costs then accrued, subject
2 to the following:

3 (1) if, within ten days after the service of
4 the offer, the opposing party serves written notice that the
5 offer is accepted, either party may then file the offer and
6 notice of acceptance together with proof of service thereof,
7 and thereupon that compensation order may be entered as the
8 workers' compensation judge may direct. An offer not accepted
9 shall be deemed withdrawn, and evidence thereof is not
10 admissible except in a proceeding to determine costs. If the
11 compensation order finally obtained by the party is not more
12 favorable than the offer, that party [~~must~~] shall pay the costs
13 incurred by the opposing party after the making of the offer.
14 The fact that an offer has been made but not accepted does not
15 preclude a subsequent offer;

16 (2) when the liability of one party to another
17 has been determined by a compensation order, but the amount or
18 extent of the liability remains to be determined by further
19 proceedings, the party adjudged liable may make an offer, which
20 shall have the same effect as an offer made before trial if it
21 is served within a reasonable time not less than ten days prior
22 to the commencement of hearings to determine the amount or
23 extent of liability;

24 (3) if the employer's offer was greater than
25 the amount awarded by the compensation order, the employer

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1 shall not be liable for [~~his~~] the employer's fifty-percent
2 share of the [~~attorneys'~~] attorney fees to be paid the worker's
3 attorney, and the worker shall pay one hundred percent of the
4 [~~attorneys'~~] attorney fees due to the worker's attorney; and

5 (4) if the worker's offer was less than the
6 amount awarded by the compensation order, the employer shall
7 pay one hundred percent of the [~~attorneys'~~] attorney fees to be
8 paid the worker's attorney, and the worker shall be relieved
9 from any responsibility for paying any portion of the worker's
10 attorney fees.

11 G. In all actions arising under the provisions of
12 Section 52-3-35 NMSA 1978, where the jurisdiction of the
13 workers' compensation administration is invoked to determine
14 the question of whether the claimant's disablement has
15 terminated and the claimant is represented by an attorney, the
16 workers' compensation judge or courts upon appeal shall
17 determine and fix a reasonable fee for the services of the
18 claimant's attorney only if the employer is unsuccessful in
19 establishing that the claimant's disablement has terminated.
20 The fee when fixed by the workers' compensation judge or courts
21 upon appeal shall be taxed as part of the costs against the
22 employer and shall be the limit of the fee received or to be
23 received by the attorney for services in the action, subject to
24 the limitation of Subsection I of this section.

25 H. In determining reasonable [~~attorneys'~~] attorney

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1 fees for a claimant, the workers' compensation judge shall
2 consider only those benefits to the employee that the attorney
3 is responsible for securing. The value of future medical
4 benefits shall ~~[not]~~ be considered in determining ~~[attorneys']~~
5 attorney fees.

6 I. ~~[Attorneys']~~ Attorney fees, including, but not
7 limited to, the costs of paralegal services, legal clerk
8 services and any other related legal services costs on behalf
9 of a worker or claimant or an employer or insurer for a single
10 disablement claim, including representation before the workers'
11 compensation administration and the courts on appeal, shall not
12 exceed ~~[twelve thousand five hundred dollars (\$12,500)]~~
13 twenty-two thousand five hundred dollars (\$22,500).

14 This limitation applies whether the worker, claimant or
15 employer has one or more attorneys representing ~~[him]~~ the
16 worker, claimant or employer and applies as a cumulative
17 limitation on compensation for all legal services rendered in
18 all proceedings and other matters directly related to a single
19 occupational disease of a claimant. The workers' compensation
20 judge may exceed the maximum amount stated in this subsection
21 in awarding a reasonable attorneys' fee if he finds that a
22 claimant, an insurer or an employer acted in bad faith with
23 regard to handling the disabled employee's claims and the
24 employer or disabled employee has suffered economic loss as a
25 result thereof. However, in no case shall this additional

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1 amount exceed two thousand five hundred dollars (\$2,500). As
2 used in this subsection, "bad faith" means conduct by the
3 claimant, insurer or employer in the handling of a claim that
4 amounts to fraud, malice, oppression or willful, wanton or
5 reckless disregard of the rights of the employee or employer.
6 Any determination of bad faith shall be made by the workers'
7 compensation judge through a separate fact-finding proceeding.

8 J. Except as provided [~~for~~] in Paragraphs (3) and
9 (4) of Subsection F of this section, the payment of a
10 claimant's [~~attorneys'~~] attorney fees determined under this
11 section shall be shared equally by the employee and the
12 employer.

13 K. It is unlawful for any person except a licensed
14 attorney to receive or agree to receive any fee or payment for
15 legal services in connection with any claim for compensation
16 under the New Mexico Occupational Disease Disablement Law.

17 L. Nothing in this section applies to agents,
18 excluding attorneys, representing employers, insurance carriers
19 or the subsequent injury fund in any matter arising from a
20 claim under the New Mexico Occupational Disease Disablement
21 Law.

22 M. No [~~attorneys'~~] attorney fees shall be paid
23 until the claim has been settled or adjudged.

24 N. Every person violating the provisions of this
25 section [~~shall be~~] is guilty of a misdemeanor and upon

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1 conviction shall be fined not less than fifty dollars (\$50.00)
2 or more than five hundred dollars (\$500), to which may be added
3 imprisonment in the county jail for a term not exceeding ninety
4 days.

5 O. Nothing in this section shall restrict a
6 claimant from being represented before the workers'
7 compensation administration by a nonattorney as long as that
8 nonattorney receives no compensation for representation from
9 the claimant."

10 Section 3. EFFECTIVE DATE.--The effective date of the
11 provisions of Subsection I of Sections 1 and 2 of this act is
12 for accidents and diseases occurring on or after January 1,
13 2008.