SENATE BILL 609

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

INTRODUCED BY

Cisco McSorley

.175556.1

AN ACT

RELATING TO WORKERS' COMPENSATION; AMENDING THE WORKERS'
COMPENSATION ACT TO ADJUST THE COMPENSATION AVAILABLE FOR
CERTAIN DISABILITIES AND TO ADJUST ATTORNEY FEES.

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

Section 1. Section 52-1-26 NMSA 1978 (being Laws 1987, Chapter 235, Section 12, as amended) is amended to read:

"52-1-26. PERMANENT PARTIAL DISABILITY.--

A. As a guide to the interpretation and application of this section, the policy and intent of this legislature is declared to be that every person who suffers a compensable injury with resulting permanent partial disability should be provided with the opportunity to return to gainful employment as soon as possible with minimal dependence on compensation awards.

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- As used in the Workers' Compensation Act, "partial disability" means a condition whereby a worker, by reason of injury arising out of and in the course of employment, suffers a permanent impairment.
- Permanent partial disability shall be determined by calculating the worker's impairment as modified by [his] the worker's age, education and physical capacity, pursuant to Sections 52-1-26.1 through 52-1-26.4 NMSA 1978; provided that, regardless of the actual calculation of impairment as modified by the worker's age, education and physical capacity and except as provided in Section 52-1-42.1 NMSA 1978, the percentage of disability awarded shall not exceed ninety-nine percent.
- If, on or after the date of maximum medical improvement, an injured worker returns to work at a wage equal to or greater than the worker's pre-injury wage, the worker's permanent partial disability rating shall be equal to [his] the worker's impairment and shall not be subject to the modifications calculated pursuant to Sections 52-1-26.1 through 52-1-26.4 NMSA 1978.
- In considering a claim for permanent partial disability, a workers' compensation judge shall not receive or consider the testimony of a vocational rehabilitation provider offered for the purpose of determining the existence or extent of disability."
- Section 2. Section 52-1-41 NMSA 1978 (being Laws 1959, .175556.1

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Chapter 67, Section 20, as amended) is amended to read: "52-1-41. COMPENSATION BENEFITS -- TOTAL DISABILITY . --

For total disability, the worker shall receive, during the period of that disability, sixty-six and two-thirds percent of [his] the worker's average weekly wage, and not to exceed a maximum compensation of eighty-five percent of the average weekly wage in the state, a week, effective July 1, 1987 through December 31, 1999, and thereafter not to exceed a maximum compensation of one hundred percent of the average weekly wage in the state, a week; and to be not less than a minimum compensation of thirty-six dollars (\$36.00) a week. Except as provided in Subsections B and C of this section, the worker shall receive compensation benefits for the remainder of [his] the worker's life.

For disability resulting from primary mental impairment, the maximum period of compensation is [one] five hundred weeks. For disability resulting in secondary mental impairment, the maximum period of compensation is [the maximum period allowable for the disability produced by the physical impairment or one hundred weeks, whichever is greater | five hundred weeks, provided that, if the worker is also entitled to a benefit specifically provided for in Section 52-1-43 NMSA 1978, the maximum period of compensation shall be the sum of the period of compensation for the secondary mental impairment, not to exceed five hundred weeks, plus the period provided for

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in Section 52-1-43 NMSA 1978.

- C. For the purpose of paying compensation benefits for death, pursuant to Section 52-1-46 NMSA 1978, the worker's maximum disability recovery shall be deemed to be seven hundred weeks.
- D. Where the worker's average weekly wage is less than thirty-six dollars (\$36.00) a week, the compensation to be paid the worker shall be [his] the worker's full weekly wage.
- Act, the average weekly wage in the state shall be determined by the [employment security] workforce transition services division of the [labor] workforce solutions department on or before June 30 of each year and shall be computed from all wages reported to the [employment security] workforce transition services division from employing units, including reimbursable employers, in accordance with the [regulations] rules of the division for the preceding calendar year, divided by the total number of covered employees divided by fifty-two.
- F. The average weekly wage in the state, determined as provided in Subsection E of this section, shall be applicable for the full period during which compensation is payable when the date of the occurrence of an accidental injury falls within the calendar year commencing January 1 following the June 30 determination.
- G. Unless the computation provided for in .175556.1

Subsection E of this section results in an increase or decrease of two dollars (\$2.00) or more, raised to the next whole dollar, the statewide average weekly wage determination shall not be changed for any calendar year."

Section 3. Section 52-1-42 NMSA 1978 (being Laws 1959, Chapter 67, Section 21, as amended) is amended to read:

"52-1-42. COMPENSATION BENEFITS--PERMANENT PARTIAL DISABILITY--MAXIMUM DURATION OF BENEFITS.--

A. For permanent partial disability, the workers' compensation benefits not specifically provided for in Section 52-1-43 NMSA 1978 shall be a percentage of the weekly benefit payable for total disability as provided in Section 52-1-41 NMSA 1978. Except as provided in Section 52-1-42.1 NMSA 1978, the percentage of permanent partial disability shall be determined pursuant to the provisions of Sections 52-1-26 through 52-1-26.4 NMSA 1978. The duration of partial disability benefits shall depend upon the extent and nature of the partial disability, subject to the following:

- (1) where the worker's percentage of disability is equal to or greater than eighty, the maximum period is seven hundred weeks;
- (2) where the worker's percentage of disability is less than eighty, the maximum period is five hundred weeks;
- (3) where the partial disability results from .175556.1

a primary mental impairment, the maximum period is [one] <u>five</u> hundred weeks; and

- a secondary mental impairment, the maximum period is [the maximum period allowable for the disability produced by the physical impairment or one hundred weeks, whichever is greater] five hundred weeks, provided that, if the worker is also entitled to a benefit specifically provided for in Section 52-1-43 NMSA 1978, the maximum period of compensation shall be the sum of the period of compensation for the secondary mental impairment, not to exceed five hundred weeks, plus the period provided for in Section 52-1-43 NMSA 1978.
- B. If an injured worker receives temporary total disability benefits prior to an award of partial disability benefits, the maximum period for partial disability benefits shall be reduced by the number of weeks the worker actually receives temporary total disability benefits."

Section 4. A new section of the Workers' Compensation Act, Section 52-1-42.1 NMSA 1978, is enacted to read:

"52-1-42.1. [NEW MATERIAL] PERCENTAGE OF DISABILITY-COMBINATION OF INJURIES.--If a benefit is due under Section
52-1-43 NMSA 1978 as a percentage of disability and a
percentage of disability benefit is also due under another
section of the Workers' Compensation Act, nothing in that act
prohibits the percentage of disabilities from being combined
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2	one hundred percent of disability."
3	Section 5. Section 52-1-43 NMSA 1978 (being Laws 1987,
4	Chapter 235, Section 18, as amended) is amended to read:
5	"52-1-43. COMPENSATION BENEFITSINJURY TO SPECIFIC BODY
6	MEMBERS
7	A. For disability resulting from an accidental
8	injury to specific body members, including the loss or loss
9	of use thereof, the worker shall receive the weekly maximum
10	and minimum compensation for disability as provided in
11	Section 52-1-41 NMSA 1978, for the following periods:
12	Injury Compensation Benefits
13	Number of Weeks
14	(1) one arm at or near shoulder, dextrous
15	member 200 weeks
16	(2) one arm at elbow, dextrous member 160 weeks
17	(3) one arm between wrist at elbow, dextrous
18	member 150 weeks
19	(4) one arm at or near shoulder, nondextrous
20	member 175 weeks
21	(5) one arm at elbow, nondextrous member 155 weeks
22	(6) one arm between wrist and elbow, nondextrous
23	member 140 weeks
24	(7) one hand, dextrous member 125 weeks
25	(8) one hand, nondextrous member 110 weeks
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and a worker receiving a total benefit calculated at more than

1	(9)	one thumb and the metacarpar bone thereof 33 weeks
2	(10)	one thumb at the proximal joint 34 weeks
3	(11)	one thumb at the second distal joint 22 weeks
4	(12)	one first finger and the metacarpal bone
5		thereof 28 weeks
6	(13)	one first finger at the proximal joint 22 weeks
7	(14)	one first finger at the second joint 17 weeks
8	(15)	one first finger at the distal joint 12 weeks
9	(16)	one second finger and the metacarpal bone
10		thereof
11	(17)	one second finger at the proximal joint 17 weeks
12	(18)	one second finger at the second joint 12 weeks
13	(19)	one second finger at the distal joint 10 weeks
14	(20)	one third finger and the metacarpal bone
15		thereof 17 weeks
16	(21)	one third finger at the proximal joint 12 weeks
17	(22)	one third finger at the second joint 10 weeks
18	(23)	one third finger at the distal joint 10 weeks
19	(24)	one fourth finger and the metacarpal bone
20		thereof 14 weeks
21	(25)	one fourth finger at the proximal joint 14 weeks
22	(26)	one fourth finger at the second joint 10 weeks
23	(27)	one fourth finger at the distal joint 7 weeks
24	(28)	loss of all fingers on one hand where thumb and
25		palm remain 70 weeks
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1	(29)	one leg at or near hip joint, so as to preclude			
2		the use of an artificial limb 200 weeks			
3	(30)	one leg at or above the knee, where stump remains			
4		sufficient to permit the use of an artificial			
5		limb			
6	(31)	one leg between knee and ankle 130 weeks			
7	(32)	one foot at the ankle 115 weeks			
8	(33)	one great toe with the metatarsal bone			
9		thereof			
10	(34)	one great toe at the proximal joint 17 weeks			
11	(35)	one great toe at the second joint 12 weeks			
12	(36)	one toe other than the great toe with the metatarsal			
13		bone thereof 14 weeks			
14	(37)	one toe other than the great toe at the proximal			
15		joint 10 weeks			
16	(38)	one toe other than the great toe at second or			
17		distal joint 8 weeks			
18	(39)	loss of all toes on one foot at proximal joint 40 weeks			
19	(40)	eye by enucleation 130 weeks			
20	(41)	total blindness of one eye 120 weeks			
21	(42)	total deafness in one ear 40 weeks			
22	(43)	total deafness in both ears 150 weeks.			
23		B. For a partial loss of use of one of the body			
24	members or physical functions listed in Subsection A of this				
25	section, the worker shall receive compensation computed on				
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the basis of the degree of such partial loss of use, payable for the number of weeks applicable to total loss or loss of use of that body member or physical function, provided that:

(1) compensation for a partial loss of

hearing in both ears shall not be based on the loss of

hearing in each ear but shall be calculated using the period

specified in Paragraph (43) of Subsection A of this section;

and

of partial loss, an injury worsens such that the degree of partial loss increases, then the worker shall receive benefits for a subsequent period equal to the number of weeks applicable to a total loss up to a maximum of seven hundred weeks.

C. In cases of actual amputation of the arm or leg, the workers' compensation judge in [his] the judge's discretion may award compensation benefits in excess of those provided in Subsection A of this section if there is substantial evidence to support a finding that, because of the worker's advanced age, lack of education or lack of training, [he] the worker has in fact a partial disability [which] that will disable [him] the worker longer than the time specified in the schedule in Subsection A of this section. The additional compensation period may not in any event exceed twice the time specified in the schedule in .175556.1

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Subsection A of this section for such injury.

D. In determining the worker's compensation benefits payable to a worker under this section for a disability resulting from a scheduled injury, the worker is entitled to be compensated as provided in Subsection A of this section up to the date the worker is released from regular treatment by his primary treating health care provider, as defined in Section 52-4-1 NMSA 1978, if [he] the worker is in fact totally disabled during that time. compensation paid up to that date shall be in addition to the compensation allowed under Subsection A of this section, but in no event shall any worker be entitled to compensation for a period in excess of seven hundred weeks."

Section 6. Section 52-1-47 NMSA 1978 (being Laws 1959, Chapter 67, Section 26, as amended) is amended to read:

"52-1-47. LIMITATIONS ON COMPENSATION BENEFITS.--Subject to the limitation of compensation payable under Subsection G of Section 52-1-46 NMSA 1978 and except for provision of lifetime benefits for total disability awarded pursuant to Section 52-1-41 NMSA 1978:

- compensation benefits for any combination of disabilities or any combination of disabilities and death shall not be payable for a period in excess of seven hundred weeks;
- В. compensation benefits for any combination of .175556.1

disabilities or any combination of disabilities and death shall not exceed an amount equal to seven hundred multiplied by the maximum weekly compensation payable at the time of the accidental injury resulting in the disability or death under Section 52-1-41 or 52-1-42.1 NMSA 1978, exclusive of increased compensation that may be awarded under Sections 52-1-10 and 52-1-46 NMSA 1978 and exclusive of any attorney fees awarded under Section 52-1-54 NMSA 1978;

- C. in no case shall compensation benefits for disability continue after the disability ends or after the death of the injured worker; and
- D. the compensation benefits payable by reason of disability caused by accidental injury shall be reduced by the compensation benefits paid or payable on account of any prior injury suffered by the worker if compensation benefits in both instances are for injury to the same member or function or different parts of the same member or function or for disfigurement and if the compensation benefits payable on account of the subsequent injury would, in whole or in part, duplicate the benefits paid or payable on account of [such] the prior injury."

Section 7. 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
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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 settlement of a compensation claim under the Workers' Compensation Act, the director or workers' compensation judge, unless the claimant is represented by an attorney, may in [his] the director's or judge's discretion appoint an attorney to aid the workers' compensation judge in determining whether the settlement should be approved and, in the event of an appointment, a reasonable fee for the services of the attorney shall be fixed by the workers' compensation judge, subject to the limitation of Subsection [f] J of this section.
- C. In all cases where the jurisdiction of the workers' compensation administration is invoked to approve a settlement of a compensation claim under the Workers' Compensation Act and the claimant is represented by an attorney, the total amount paid or to be paid by the employer in settlement of the claim shall be stated in the settlement papers. The workers' compensation judge shall determine and fix a reasonable fee for the claimant's attorney, taking into .175556.1

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account any sum previously paid, and the fee fixed by the workers' compensation judge shall be the limit of the fee received or to be received by the attorney in connection with the claim, subject to the limitation of Subsection [+] J of this section.

The cost of discovery shall be borne by the party who requests it. If, however, the claimant requests any discovery, the employer shall advance the cost of paying for discovery up to a limit of three thousand dollars (\$3,000). If the claimant substantially prevails on the claim, as determined by a workers' compensation judge, any discovery cost advanced by the employer shall be paid by that employer. If the claimant does not substantially prevail on the claim, as determined by a workers' compensation judge, the employer shall be reimbursed for discovery costs advanced according to a schedule for reimbursement approved by a workers' compensation judge.

In all cases where compensation to which any person is entitled under the provisions of the Workers' Compensation Act is refused and the claimant thereafter collects compensation through proceedings before the workers' compensation administration or courts in an amount in excess of the amount offered in writing by an employer five business days or more prior to the informal hearing before the administration, the compensation to be paid the attorney for .175556.1

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the claimant shall be fixed by the workers' compensation judge hearing the claim or the courts upon appeal in the amount the workers' compensation judge or courts deem reasonable and proper, subject to the limitation of Subsection [\pm] \underline{J} of this section. In determining and fixing a reasonable fee, the workers' compensation judge or courts shall take into consideration:

- (1) the sum, if any, offered by the employer:
- (a) before the worker's attorney was employed;
- (b) after the attorney's employment but before proceedings were commenced; and
- (c) in writing five business days or
 more prior to the informal hearing;
- (2) the present value of the award made in the worker's favor; and
- (3) any failure of a party to participate in a good-faith manner in informal claim resolution methods adopted by the director.
- F. After a recommended resolution has been issued and rejected, but more than ten days before a trial begins, the employer or claimant may serve upon the opposing party an offer to allow a compensation order to be taken against [him] the employer or claimant for the money or property or to the .175556.1

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

the offer, the opposing party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance together with proof of service thereof, and thereupon that compensation order may be entered as the workers' compensation judge may direct. An offer not accepted shall be deemed withdrawn, and evidence thereof is not admissible except in a proceeding to determine costs. If the compensation order finally obtained by the party is not more favorable than the offer, that party shall pay the costs incurred by the opposing party after the making of the offer. The fact that an offer has been made but not accepted does not preclude a subsequent offer;

- another has been determined by a compensation order, but the amount or extent of the liability remains to be determined by further proceedings, the party adjudged liable may make an offer, which shall have the same effect as an offer made before trial if it is served within a reasonable time not less than ten days prior to the commencement of hearings to determine the amount or extent of liability;
- (3) if the employer's offer was greater than the amount awarded by the compensation order, the employer .175556.1

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shall not be liable for [his] the fifty percent share of the attorney fees to be paid the worker's attorney and the worker shall pay one hundred percent of the attorney fees due to the worker's attorney; and

- (4) if the worker's offer was less than the amount awarded by the compensation order, the employer shall pay one hundred percent of the attorney fees to be paid the worker's attorney, and the worker shall be relieved from any responsibility for paying any portion of the worker's attorney fees.
- In all actions arising under the provisions of Section 52-1-56 NMSA 1978 where the jurisdiction of the workers' compensation administration is invoked to determine the question whether the claimant's disability has increased or diminished and the claimant is represented by an attorney, the workers' compensation judge or courts upon appeal shall determine and fix a reasonable fee for the services of the claimant's attorney only if the claimant is successful in establishing that [his] the claimant's disability has increased or if the employer is unsuccessful in establishing that the claimant's disability has diminished. The fee when fixed by the workers' compensation judge or courts upon appeal shall be the limit of the fee received or to be received by the attorney for services in the action, subject to the limitation of Subsection $[\frac{1}{2}]$ J of this section.

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H. Except as provided in Subsection I of this section, in determining reasonable attorney fees for a claimant, the workers' compensation judge shall consider only those benefits to the worker that the attorney is responsible for securing. The value of future medical benefits shall not be considered in determining attorney fees.

I. Attorney fees may also be awarded to reimburse a claimant's attorney for work conducted in obtaining an attorney fee due to the claimant under the provisions of the Workers' Compensation Act; provided that the employer shall pay one hundred percent of the attorney fees awarded pursuant to this subsection and the worker shall be relieved from any responsibility for paying any portion of those fees.

[1.] J. Attorney fees, including, but not limited to, the costs of paralegal services, legal clerk services and any other related legal services costs on behalf of a claimant or an employer for a single accidental injury claim, including representation before the workers' compensation administration and the courts on appeal, shall not exceed sixteen thousand five hundred dollars (\$16,500), exclusive of any reimbursement for travel, food and lodging at the rates specified in the Per Diem and Mileage Act for employees. This limitation applies whether the claimant or employer has one or more attorneys representing [him] the claimant or employer and applies as a cumulative limitation on

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proceedings and other matters directly related to a single accidental injury to a claimant. The workers' compensation judge may exceed the maximum amount stated in this subsection in awarding a reasonable attorney fee if [he] the judge finds that a claimant, an insurer or an employer acted in bad faith with regard to handling the injured worker's claim and the injured worker or employer has suffered economic loss as a result, and may also exceed the maximum amount in the case of an attorney representing a claimant who seeks and is awarded a benefit for a total permanent disability. However, in no case shall this additional amount exceed two thousand five hundred dollars (\$2,500). As used in this subsection, "bad faith" means conduct by the claimant, insurer or employer in the handling of a claim that amounts to fraud, malice, oppression or willful, wanton or reckless disregard of the rights of the worker or employer. Any determination of bad faith shall be made by the workers' compensation judge through a separate fact-finding proceeding.

compensation for all legal services rendered in all

[J.] <u>K.</u> Except as provided for in Paragraphs (3) and (4) of Subsection F and Subsection I of this section, the payment of a claimant's attorney fees determined under this section shall be shared equally by the worker and the employer.

[K_{\bullet}] <u>L.</u> It is unlawful for any person except a .175556.1

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licensed attorney to receive or agree to receive any fee or payment for legal services in connection with any claim for compensation under the Workers' Compensation Act.

[1.] M. Nothing in this section applies to agents, excluding attorneys, representing employers, insurance carriers or the subsequent injury fund in any matter arising from a claim under the Workers' Compensation Act.

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

 $[N_{\bullet}]$ 0. Every person violating the provisions of this section is guilty of a misdemeanor and upon conviction shall be fined not less than fifty dollars (\$50.00) or more than five hundred dollars (\$500), to which may be added imprisonment in the county jail for a term not exceeding ninety days.

[0.] P. Nothing in this section shall restrict a claimant from being represented before the workers' compensation administration by a nonattorney as long as that nonattorney receives no compensation for that representation from the claimant."

Section 8. APPLICABILITY. -- The provisions of this act apply to injuries sustained and attorney fees awarded on or after July 1, 2009.