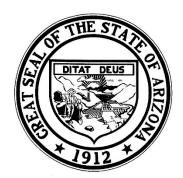
HOUSE FLOOR AMENDMENT EXPLANATION



D;11	Number:	SR	1551
DIII	number:	\mathbf{OD}	TOOL

Weninger Substitute Floor Amendment

- 1. Restores the schedule of fees for workers' compensation to reflect fees to be charged by physicians, physical therapists or occupational therapists.
- 2. Requires the schedule of fees for workers' compensation to include fees to be charged by providers of health care, dental care and supplies for injured employees.
- 3. Modifies the definition of *serve* or *service* to include transmitting by electronic transmission in a manner reasonably calculated to achieve effective notice unless the receiving party opts out by providing written notice to the other party.
- 4. Adds that the increase to the monthly dependent allowance applies only to claims that are filed on or after the effect date.

Amendment explanation prepared by Paul Benny
Phone Number 3848
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WENINGER SUBSTITUTE FLOOR AMENDMENT HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1551

I move the following SUBSTITUTE amendment to the COMMERCE Committee Amendment to SENATE BILL 1551 (Reference to Senate engrossed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

 $[\underline{Green\ underlining\ in\ brackets}]$ indicates text added to new session law or text restoring existing law.

[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.

[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

Section 1. Section 23-901, Arizona Revised Statutes, is amended to 3 read:

23-901. Definitions

In this chapter, unless the context otherwise requires:

- 6 1. "Award" means the finding or decision of an administrative law 7 judge or the commission as to the amount of compensation or benefit due an 8 injured employee or the dependents of a deceased employee.
- 9 2. "Client" means an individual, association, company, firm, 10 partnership, corporation or any other legally recognized entity that is 11 subject to this chapter and that enters into a professional employer 12 agreement with a professional employer organization.
- 3. "Co-employee" means every person employed by an injured to employee's employer.
 - "Commission" means the industrial commission of Arizona.
- 16 5. "Compensation" means the compensation and benefits provided by 17 this chapter.
 - 6. "Employee", "workman", "worker" and "operative" means:
- 19 (a) Every person in the service of this state or a county, city, 20 town, municipal corporation or school district, including regular members 21 of lawfully constituted police and fire departments of cities and towns, 22 whether by election, appointment or contract of hire.
- 23 (b) Every person in the service of any employer subject to this 24 chapter, including aliens and minors legally or illegally allowed to work 25 for hire, but not including a person whose employment is both:
 - (i) Casual.
- 27 (ii) Not in the usual course of the trade, business or occupation 28 of the employer.

- 1 (c) Lessees of mining property and the lessees' employees and 2 contractors engaged in the performance of work that is a part of the 3 business conducted by the lessor and over which the lessor retains 4 supervision or control are within the meaning of this paragraph employees 5 of the lessor, and are deemed to be drawing wages as are usually paid 6 employees for similar work. The lessor may deduct from the proceeds of 7 ores mined by the lessees the premium required by this chapter to be paid 8 for such employees.
- (d) Regular members of volunteer fire departments organized 10 pursuant to title 48, chapter 5, article 1, regular firefighters of any 11 volunteer fire department, including private fire protection service 12 organizations, organized pursuant to title 10, chapters 24 through 40, 13 volunteer firefighters serving as members of a fire department of any 14 incorporated city or town or an unincorporated area without pay or without 15 full pay and on a part-time basis, and voluntary policemen and volunteer 16 firefighters serving in any incorporated city, town or unincorporated area 17 without pay or without full pay and on a part-time basis, are deemed to be 18 employees, but for the purposes of this chapter, the basis for computing 19 wages for premium payments and compensation benefits for regular members 20 of volunteer fire departments organized pursuant to title 48, chapter 5, 21 article 1, or organized pursuant to title 10, chapters 24 through 40, 22 regular members of any private fire protection service organization, 23 volunteer firefighters and volunteer policemen of these departments or 24 organizations shall be the salary equal to the beginning salary of the 25 same rank or grade in the full-time service with the city, town, volunteer 26 fire department or private fire protection service organization, provided 27 if there is no full-time equivalent then the salary equivalent shall be as 28 determined by resolution of the governing body of the city, town or 29 volunteer fire department or corporation.
- (e) Members of the department of public safety reserve, organized pursuant to section 41-1715, are deemed to be employees. For the purposes of this chapter, the basis for computing wages for premium payments and compensation benefits for a member of the department of public safety reserve who is a peace officer shall be the salary received by officers of the department of public safety for the officers' first month of regular duty as an officer. For members of the department of public safety reserve who are not peace officers, the basis for computing premiums and compensation benefits is \$400 a month.
- (f) Any person placed in on-the-job evaluation or in on-the-job training under the department of economic security's temporary assistance for needy families program or vocational rehabilitation program shall be deemed to be an employee of the department for the purpose of coverage under the state workers' compensation laws only. The basis for computing premium payments and compensation benefits shall be \$200 per month. Any person receiving vocational rehabilitation services under the department of economic security's vocational rehabilitation program whose major

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1 evaluation or training activity is academic, whether as an enrolled 2 attending student or by correspondence, or who is confined to a hospital 3 or penal institution, shall not be deemed to be an employee of the 4 department for any purpose.

- (g) Regular members of a volunteer sheriff's reserve, which may be 6 established by resolution of the county board of supervisors, to assist 7 the sheriff in the performance of the sheriff's official duties. A roster 8 of the current members shall monthly be certified to the clerk of the 9 board of supervisors by the sheriff and shall not exceed the maximum 10 number authorized by the board of supervisors. Certified members of an 11 authorized volunteer sheriff's reserve shall be deemed to be employees of 12 the county for the purpose of coverage under the Arizona workers' 13 compensation laws and occupational disease disability laws and shall be 14 entitled to receive the benefits of these laws for any compensable 15 injuries or disabling conditions that arise out of and occur in the course 16 of the performance of duties authorized and directed by the sheriff. 17 Compensation benefits and premium payments shall be based on the salary 18 received by a regular full-time deputy sheriff of the county involved for 19 the first month of regular patrol duty as an officer for each certified 20 member of a volunteer sheriff's reserve. This subdivision does not 21 provide compensation coverage for any member of a sheriff's posse who is 22 not a certified member of an authorized volunteer sheriff's reserve except 23 as a participant in a search and rescue mission or a search and rescue 24 training mission.
- (h) A working member of a partnership may be deemed to be an 26 employee entitled to the benefits provided by this chapter on written 27 acceptance, by endorsement, at the discretion of the insurance carrier for 28 the partnership of an application for coverage by the working partner. 29 The basis for computing premium payments and compensation benefits for the 30 working partner shall be an assumed average monthly wage of not less than 31 \$600 or more than the maximum wage provided in section 23-1041 and is 32 subject to the discretionary approval of the insurance carrier. Any 33 compensation for permanent partial or permanent total disability payable 34 to the partner is computed on the lesser of the assumed monthly wage 35 agreed to by the insurance carrier on the acceptance of the application 36 for coverage or the actual average monthly wage received by the partner at 37 the time of injury.
- (i) The sole proprietor of a business subject to this chapter may 39 be deemed to be an employee entitled to the benefits provided by this 40 chapter on written acceptance, by endorsement, at the discretion of the 41 insurance carrier of an application for coverage by the sole proprietor. 42 The basis for computing premium payments and compensation benefits for the 43 sole proprietor is an assumed average monthly wage of not less than \$600 44 or more than the maximum wage provided by section 23-1041 and is subject 45 to the discretionary approval of the insurance carrier. Any compensation 46 for permanent partial or permanent total disability payable to the sole

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1 proprietor shall be computed on the lesser of the assumed monthly wage 2 agreed to by the insurance carrier on the acceptance of the application 3 for coverage or the actual average monthly wage received by the sole 4 proprietor at the time of injury.

- (j) A member of the Arizona national guard, Arizona state guard or 6 unorganized militia shall be deemed a state employee and entitled to 7 coverage under the Arizona workers' compensation law at all times while 8 the member is receiving the payment of the member's military salary from 9 this state under competent military orders or on order of the governor. 10 Compensation benefits shall be based on the monthly military pay rate to 11 which the member is entitled at the time of injury, but not less than a 12 salary of \$400 per month or more than the maximum provided by the workers' 13 compensation law. Arizona compensation benefits shall not inure to a 14 member compensable under federal law.
- 15 (k) Certified ambulance drivers and attendants who serve without 16 pay or without full pay on a part-time basis are deemed to be employees 17 and entitled to the benefits provided by this chapter and the basis for 18 computing wages for premium payments and compensation benefits for 19 certified ambulance personnel shall be \$400 per month.
- (1) Volunteer workers of a licensed health care institution may be 21 deemed to be employees and entitled to the benefits provided by this 22 chapter on written acceptance by the insurance carrier of an application 23 by the health care institution for coverage of such volunteers. The basis 24 for computing wages for premium payments and compensation benefits for 25 volunteers shall be \$400 per month.
- (m) Personnel who participate in a search or rescue operation or a 27 search or rescue training operation that carries a mission identifier 28 assigned by the division of emergency management as provided in section 29 35-192.01 and who serve without compensation as volunteer state employees. 30 The basis for computation of wages for premium purposes and compensation 31 benefits is the total volunteer man-hours recorded by the division of 32 emergency management in a given quarter multiplied by the 33 determined by the appropriate risk management formula.
- (n) Personnel who participate in emergency management training, 34 35 exercises or drills that are duly enrolled or registered with the division 36 of emergency management or any political subdivision as provided in 37 section 26-314, subsection C and who serve without compensation as 38 volunteer state employees. The basis for computation of wages for premium 39 purposes and compensation benefits is the total volunteer man-hours 40 recorded by the division of emergency management or political subdivision 41 during a given training session, exercise or drill multiplied by the 42 amount determined by the appropriate risk management formula.
- (o) Regular members of the Arizona game and fish department 43 44 reserve, organized pursuant to section 17-214. The basis for computing 45 wages for premium payments and compensation benefits for a member of the 46 reserve is the salary received by game rangers and wildlife managers of

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1 the Arizona game and fish department for the game rangers' and wildlife 2 managers' first month of regular duty.

- 3 (p) Every person employed pursuant to a professional employer 4 agreement.
- 5 (q) A working member of a limited liability company who owns less 6 than fifty percent of the membership interest in the limited liability 7 company.
- 8 (r) A working member of a limited liability company who owns fifty 9 percent or more of the membership interest in the limited liability 10 company may be deemed to be an employee entitled to the benefits provided 11 by this chapter on the written acceptance, by endorsement, of an 12 application for coverage by the working member at the discretion of the 13 insurance carrier for the limited liability company. The basis for 14 computing wages for premium payments and compensation benefits for the 15 working member is an assumed average monthly wage of \$600 or more but not 16 more than the maximum wage provided in section 23-1041 and is subject to 17 the discretionary approval of the insurance carrier. Any compensation for 18 permanent partial or permanent total disability payable to the working 19 member is computed on the lesser of the assumed monthly wage agreed to by 20 the insurance carrier on the acceptance of the application for coverage or 21 the actual average monthly wage received by the working member at the time 22 of injury.
- 23 (s) A working shareholder of a corporation who owns less than fifty 24 percent of the beneficial interest in the corporation.
- (t) A working shareholder of a corporation who owns fifty percent or more of the beneficial interest in the corporation may be deemed to be an employee entitled to the benefits provided by this chapter on the working shareholder at the discretion of the insurance carrier for the corporation. The basis for computing wages for premium payments and compensation benefits for the working shareholder is an assumed average monthly wage of \$600 or more but not more than the maximum wage provided in section 23-1041 and is subject to the discretionary approval of the insurance carrier. Any compensation for permanent partial or permanent total disability payable to the working shareholder is computed on the acceptance of the application for coverage or the actual average monthly wage received by the working shareholder at the time of injury.
- 7. "General order" means an order applied generally throughout this 40 state to all persons under jurisdiction of the commission.
- 8. "Heart-related or perivascular injury, illness or death" means 42 myocardial infarction, coronary thrombosis or any other similar sudden, 43 violent or acute process involving the heart or perivascular system, or 44 any death resulting therefrom, and any weakness, disease or other 45 condition of the heart or perivascular system, or any death resulting 46 therefrom.

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- 9. "Insurance carrier" means every insurance carrier duly authorized by the director of the department of insurance and financial institutions to write workers' compensation or occupational disease 4 compensation insurance in this state.
- 5 10. "Interested party" means the employer, the employee, or if the 6 employee is deceased, the employee's estate, the surviving spouse or 7 dependents, the commission, the insurance carrier, or their THE THIRD 8 PARTY ADMINISTRATOR OR AN AUTHORIZED representative.
- 9 11. "Mental injury, illness or condition" means any mental, 10 emotional, psychotic or neurotic injury, illness or condition.
- 12. "Order" means and includes any rule, direction, requirement, 12 standard, determination or decision other than an award or a directive by 13 the commission or an administrative law judge relative to any entitlement 14 to compensation benefits, or to the amount of compensation benefits, and 15 any procedural ruling relative to the processing or adjudicating of a 16 compensation matter.
- 17 13. "Personal injury by accident arising out of and in the course 18 of employment" means any of the following:
- 19 (a) Personal injury by accident arising out of and in the course of 20 employment.
- 21 (b) An injury caused by the wilful act of a third person directed 22 against an employee because of the employee's employment, but does not 23 include a disease unless resulting from the injury.
- (c) An occupational disease that is due to causes and conditions 25 characteristic of and peculiar to a particular trade, occupation, process 26 or employment, and not the ordinary diseases to which the general public 27 is exposed, and subject to section 23-901.01 or 23-901.09 or, for 28 heart-related, perivascular or pulmonary cases, section 23-1105.
- 29 14. "Professional employer agreement" means a written contract 30 between a client and a professional employer organization:
- 31 (a) In which the professional employer organization expressly 32 agrees to co-employ all or a majority of the employees providing services 33 for the client. In determining whether the professional employer 34 organization employs all or a majority of the employees of a client, any 35 person employed pursuant to the terms of the professional employer 36 agreement after the initial placement of client employees on the payroll 37 of the professional employer organization shall be included.
 - (b) That is intended to be ongoing rather than temporary in nature.
- 39 (c) In which employer responsibilities for worksite employees, 40 including hiring, firing and disciplining, are expressly allocated between 41 the professional employer organization and the client in the agreement.
- 15. "Professional employer organization" means any person engaged as in the business of providing professional employer services. Professional employer organization does not include a temporary help firm or an 45 employment agency.

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- 1 16. "Professional employer services" means the service of entering 2 into co-employment relationships under this chapter to which all or a 3 majority of the employees providing services to a client or to a division 4 or work unit of a client are covered employees.
 - 17. "Serve" or "service" means either:
 - (a) Mailing to the last known address of the receiving party.
- 7 (b) Transmitting by [other means, including] electronic 8 transmission[, with the written consent of the receiving party] [IN A 9 MANNER REASONABLY CALCULATED TO ACHIEVE EFFECTIVE NOTICE UNLESS THE 10 RECEIVING PARTY OPTS OUT BY PROVIDING WRITTEN NOTICE TO THE OTHER PARTY].
 - 18. "Special order" means an order other than a general order.
- 19. "Weakness, disease or other condition of the heart or 13 perivascular system" means arteriosclerotic heart disease, cerebral 14 vascular disease, peripheral vascular disease, cardiovascular disease, 15 angina pectoris, congestive heart trouble, coronary insufficiency, 16 ischemia and all other similar weaknesses, diseases and conditions, and 17 also previous episodes or instances of myocardial infarction, coronary 18 thrombosis or any similar sudden, violent or acute process involving the 19 heart or perivascular system.
- 20 20. "Workers' compensation" means workmen's compensation as used in 21 article XVIII, section 8, Constitution of Arizona.
- Sec. 2. Section 23-908, Arizona Revised Statutes, is amended to 23 read:
 - 23-908. <u>Injury reports by employer and physician: schedule of fees: notification; public meeting: violation: classification</u>
- A. Every employer that is affected by this chapter, and every physician who attends an injured employee of that employer, shall file with the commission and the employer's insurance carrier from time to time a full and complete report of every known injury to the employee arising out of or in the course of employment and resulting in loss of life or injury requiring medical treatment. The report shall be furnished to the commission and the insurance carrier at times and in the form and detail the commission prescribes, and the report shall make special answers to all questions required by the commission under its rules. For the purposes of this subsection, medical treatment does not include any onetime, short-term treatment by nonmedical staff that requires little technology or training to administer, including treatment of minor scratches, cuts, burns and splinters and other issues that ordinarily do not require medical care.
- B. The commission shall fix a schedule of fees to be charged [by 42 physicians, physical therapists or occupational therapists] attending [FOR 43 MEDICAL] [OR BY PROVIDERS OF HEALTH] CARE, DENTAL CARE AND SUPPLIES [THAT 44 ARE RECEIVED BY] [FOR] injured employees and, subject to subsection C of 45 this section, for prescription medicines required to treat an injured 46 employee under this chapter. CONTRACTS THAT ARE NECESSARY TO DEVELOP AND

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1 PUBLISH A FEE SCHEDULE RELATED TO DENTAL CARE ARE EXEMPT FROM THE 2 REQUIREMENTS OF TITLE 41, CHAPTER 23. Notwithstanding subsection C of 3 this section, the schedule of fees may include other reimbursement 4 guidelines for medications dispensed in settings that are not accessible 5 to the general public. The commission shall annually review the schedule 6 of fees. For the purposes of this subsection, settings that are not 7 accessible to the general public do not include mail order pharmacies 8 delivering pharmaceutical services to workers' compensation claimants, if 9 both of the following apply:

- 10 1. The pharmacy does not limit or restrict access to claimants with 11 an affiliation to a medical provider or other entity.
- 2. Any medical provider or other entity referring a claimant to the 13 pharmacy does not receive or accept any rebate, refund, commission, 14 preference or other consideration as compensation for the referral.
- C. If a schedule of fees for prescription medicines adopted pursuant to subsection B of this section includes provisions regarding the use of generic equivalent drugs or interchangeable biological products, those provisions shall comply with section 32-1963.01, subsections A, B and D through L. If the commission considers the adoption of fee schedule provisions that involve specific prices, values or reimbursements for prescription drugs, the commission shall base the adoption on studies or practices that are validated and accepted in the industry, including the applicability of formulas that use average wholesale price, plus a dispensing fee, and that have been made publicly available for at least one hundred eighty days before any hearing conducted by the commission. Before the commission takes final action on the schedule of fees pursuant to this subsection and subsection B of this section, except during a public health emergency, the commission shall:
- 29 1. Prominently post on its publicly accessible website the proposed 30 schedule of fees at least thirty days before conducting a public hearing 31 on that proposed schedule of fees.
- 32 2. Hold at least one meeting that all interested parties may 33 jointly attend and interactively participate in after posting the proposed 34 schedule of fees but before conducting the hearing on the proposed 35 schedule of fees.
- 36 3. At least seven business days in advance, prominently post on its 37 publicly accessible website the final proposed schedule of fees to be 38 acted on for adoption.
- D. Notwithstanding section 12-2235, information obtained by any 40 physician or surgeon examining or treating an injured person shall not be 41 considered a privileged communication if that information is requested by 42 interested parties for a proper understanding of the case and a 43 determination of the rights involved. Hospital records of an employee 44 concerning an industrial claim shall not be considered privileged if 45 requested by an interested party in order to determine the rights

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1 involved. Medical information from any source pertaining to conditions 2 unrelated to the pending industrial claim shall remain privileged.

- E. When an accident occurs to an employee, the employee shall 4 forthwith report the accident and the injury resulting from the accident 5 to the employer, and any physician employed by the injured employee shall 6 forthwith report the accident and the injury resulting from the accident 7 to the employer, the insurance carrier and the commission.
- F. If an accident occurs to an employee, the employer may designate 9 in writing a physician chosen by the employer, who shall be allowed by the 10 employee, or any person in charge of the employee, to make one examination 11 of the injured employee in order to ascertain the character and extent of 12 the injury occasioned by the accident. The physician so chosen shall 13 forthwith report to the employer, the insurance carrier and the commission 14 the character and extent of the injury as the physician ascertains. If 15 the accident is not reported by the employee or the employee's physician 16 forthwith, as required, or if the injured employee or those in charge of 17 the employee refuse to allow the employer's physician to make the 18 examination, and the injured employee is a party to the refusal, no 19 compensation shall be paid for the injury claimed to have resulted from 20 the accident. The commission may relieve the injured person or that 21 person's dependents from the loss or forfeiture of compensation if it THE 22 COMMISSION believes after investigation that the circumstances attending 23 the failure on the part of the employee or physician to report the 24 accident and injury are such as to have excused them.
- 25 G. Within ten days after receiving notice of an accident, the 26 employer shall inform the insurance carrier and the commission on the 27 forms and in the manner as prescribed by the commission.
- H. Immediately on notice to the employer of an accident resulting in an injury to an employee, the employer shall provide the employee with the name and address of the employer's insurance carrier, the policy number and the expiration date.
- 32 I. THE COMMISSION SHALL PUBLISH ON THE COMMISSION'S PUBLICLY 33 ACCESSIBLE WEBSITE THE SCHEDULE OF FEES AS PRESCRIBED IN SUBSECTIONS B AND 34 C OF THIS SECTION. THE COMMISSION IS NOT REQUIRED TO PUBLISH THE SCHEDULE 35 OF FEES IN THE ARIZONA ADMINISTRATIVE REGISTER.
- $\frac{1}{1}$ J. Any person failing or refusing to comply with this section 37 is guilty of a petty offense.
 - J. K. Subsection B of this section does not prohibit:
- 1. A health care provider or pharmacy from entering into a separate 40 contract or network that governs fees, in which case reimbursement shall 41 be made according to the applicable contracted charge or negotiated rate.
- 42 2. An employer from directing medical, surgical or hospital care 43 pursuant to section 23-1070.

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- Sec. 3. Section 23-1045, Arizona Revised Statutes, is amended to 2 read:
- 3 23-1045. <u>Compensation for total disability; permanent total</u> 4 disability defined
- 5 A. For temporary total disability the following compensation shall 6 be paid:
- 7 1. Compensation of sixty-six and two-thirds per cent PERCENT of the 8 average monthly wage shall be paid during the period of disability.
- 2. If there are persons dependent for support upon ON the employee, compensation shall be paid as provided in this section, with an additional allowance of twenty-five dollars \$100 per month for such dependents during the period of disability. The additional allowance shall not be based Upon ON a per capita number of dependents but shall reflect a total 4 monthly benefit increase of exactly twenty-five dollars \$100.
- B. For permanent total disability, compensation of sixty-six and two-thirds per cent PERCENT of the average monthly wage shall be paid during the life of the injured person.
- 18 C. In the absence of proof to the contrary, disability shall be 19 deemed total and permanent if caused by:
 - 1. The total and permanent loss of sight of both eyes.
 - 2. The loss by separation of both feet.
 - 3. The loss by separation of both hands.
- 4. An injury to the spine resulting in permanent and complete 24 paralysis of both legs or both arms, or one leg and one arm.
- 5. An injury to the skull resulting in incurable imbecility or insanity.
 - 6. The loss by separation of one hand and one foot.
- D. The enumeration in this section is not exclusive, and in all 29 other cases permanent total disability shall be determined in accordance 30 with the facts and in accordance with the provisions of section 23-1047.
- 31 <<Sec. 4. Applicability
- 32 [Section 23-1045, Arizona Revised Statutes, as amended by this act,
- 33 applies only to claims that are filed on or after the effective date of
- 34 <u>this act.</u>]>>

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- 35 Enroll and engross to conform
- 36 Amend title to conform

JEFF WENINGER

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