

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

SENATE BILL 1100

AN ACT

AMENDING SECTION 23-941.01, ARIZONA REVISED STATUTES; AMENDING TITLE 23, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 23-941.03; RELATING TO WORKERS' COMPENSATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 23-941.01, Arizona Revised Statutes, is amended
3 to read:

4 23-941.01. Settlement of claims; full and final; exception;
5 definitions

6 A. The interested parties to a claim may:

7 1. Settle and release all or any part of an accepted claim for
8 compensation, benefits, penalties or interest.

9 2. If the period of TEMPORARY disability is terminated by ~~the~~
10 ~~carrier, special fund or self-insured employer~~ A FINAL NOTICE OF CLAIM
11 STATUS, AWARD OF THE COMMISSION OR STIPULATION OF THE INTERESTED PARTIES,
12 negotiate a full and final settlement OF AN ACCEPTED CLAIM.

13 B. Any full and final settlement shall:

14 1. Be in writing.

15 2. Be signed by the carrier, special fund or self-insured employer
16 OR AN AUTHORIZED REPRESENTATIVE OF THE CARRIER, SPECIAL FUND OR
17 SELF-INSURED EMPLOYER and the employee or the employee's authorized
18 representative.

19 3. Acknowledge that the employee had the opportunity to seek legal
20 advice and be represented by counsel.

21 4. Include a description of the employee's medical conditions that
22 have been identified and contemplated at the time of the settlement
23 agreement.

24 5. HAVE ATTACHED THE INFORMATION PROVIDED BY THE CARRIER, SPECIAL
25 FUND OR SELF-INSURED EMPLOYER PURSUANT TO SUBSECTION C, PARAGRAPHS 2 AND 3
26 OF THIS SECTION.

27 C. ~~If the employee is represented by counsel, the~~ A full and final
28 settlement shall include the following SIGNED attestations:

29 1. The employee understands the rights settled and released by the
30 agreement ~~and was represented by counsel~~.

31 2. The employee has been provided information from the carrier,
32 special fund or self-insured employer that outlines any reasonable
33 anticipated future medical, surgical and hospital benefits relating to the
34 claim, ~~and~~ the projected cost of those benefits, ~~and that provides~~ an
35 explanation of how those projected costs were determined AND A DISCLOSURE
36 OF THE AMOUNT OF THE SETTLEMENT THAT REPRESENTS THE SETTLEMENT OF FUTURE
37 MEDICAL, SURGICAL AND HOSPITAL BENEFITS.

38 3. THE EMPLOYEE HAS BEEN PROVIDED INFORMATION FROM THE CARRIER,
39 SPECIAL FUND OR SELF-INSURED EMPLOYER THAT DISCLOSES THE TOTAL AMOUNT OF
40 FUTURE INDEMNITY BENEFITS, THE EMPLOYEE'S RATED AGE, IF APPLICABLE, THE
41 EMPLOYEE'S LIFE EXPECTANCY, THE SOURCE OF THE EMPLOYEE'S LIFE EXPECTANCY,
42 THE PRESENT VALUE OF FUTURE INDEMNITY BENEFITS, THE DISCOUNT RATE USED TO
43 CALCULATE PRESENT VALUE AND THE AMOUNT OF THE SETTLEMENT THAT REPRESENTS
44 THE SETTLEMENT OF FUTURE INDEMNITY BENEFITS.

1 ~~3.~~ 4. The employee understands that monies received for future
2 medical treatment associated with the industrial injury should be set
3 aside to ensure that the costs of ~~such~~ THE treatment will be paid.

4 ~~4.~~ 5. The parties have considered and taken reasonable steps to
5 protect any interests of medicare, medicaid, the Indian health service and
6 the United States department of veterans affairs, including establishing a
7 medicare savings account if necessary.

8 ~~5.~~ 6. The parties have conducted a search for and taken reasonable
9 steps to satisfy any identified medical liens AND UNPAID MEDICAL CHARGES.

10 7. COERCION, DURESS, FRAUD, MISREPRESENTATION OR UNDISCLOSED
11 ADDITIONAL AGREEMENTS HAVE NOT BEEN USED TO ACHIEVE THE FULL AND FINAL
12 SETTLEMENT.

13 D. IF AN ADMINISTRATIVE LAW JUDGE OF THE COMMISSION DETERMINES THAT
14 THE REQUIREMENTS OF SUBSECTION B OF THIS SECTION ARE SATISFIED, THE
15 ATTESTATIONS OF SUBSECTION C OF THIS SECTION ARE PRESENT AND THE EMPLOYEE
16 IS REPRESENTED BY COUNSEL, THE ADMINISTRATIVE LAW JUDGE SHALL APPROVE THE
17 SETTLEMENT.

18 ~~D.~~ E. If the employee is not represented by counsel, the employee
19 shall appear before an administrative law judge OF THE COMMISSION and the
20 administrative law judge shall make specific factual findings regarding
21 whether the requirements of ~~subsection~~ SUBSECTIONS B and C ~~subsection C,~~
22 ~~paragraphs 2, 3, 4 and 5~~ of this section are satisfied. ~~The~~
23 ~~administrative law judge may not approve the settlement if the~~
24 ~~requirements of subsection B of this section are not met or if the~~
25 ~~settlement is not deemed fair and reasonable to the employee.~~ THE
26 ADMINISTRATIVE LAW JUDGE SHALL CONDUCT A HEARING AND PERFORM A DETAILED
27 INQUIRY INTO THE ATTESTATIONS PROVIDED BY THE UNREPRESENTED EMPLOYEE
28 PURSUANT TO SUBSECTION C OF THIS SECTION. THE INQUIRY SHALL INCLUDE
29 WHETHER THE UNREPRESENTED EMPLOYEE UNDERSTANDS THE SPECIFIC RIGHTS BEING
30 SETTLED AND RELEASED, THE INFORMATION, COMPUTATION AND METHODOLOGY
31 PROVIDED BY THE CARRIER, SPECIAL FUND OR SELF-INSURED EMPLOYER, AND THE
32 EMPLOYEE'S RESPONSIBILITY TO PROTECT THE INTERESTS OF OTHER PAYORS AND
33 ENSURE THE PAYMENT OF FUTURE TREATMENT COSTS.

34 ~~E. A full and final settlement is not valid and enforceable unless~~
35 ~~the full and final settlement is approved by the commission. When~~
36 ~~determining whether to approve a settlement, the commission shall consider~~
37 ~~whether the settlement is in the best interests of the employee based on~~
38 ~~the following criteria:~~

39 ~~1. Whether the employee's injuries are stabilized.~~

40 ~~2. The permanency of the employee's injuries.~~

41 F. THE COMMISSION MAY NOT APPROVE A FULL AND FINAL SETTLEMENT IF
42 THE REQUIREMENTS OF SUBSECTIONS B AND C OF THIS SECTION ARE NOT MET.

43 ~~F.~~ G. A ~~lump sum~~ FULL AND FINAL settlement payment shall be made
44 to the employee within fifteen days after the award approving the
45 settlement becomes final.

~~H.~~ H. The carrier, special fund or self-insured employer shall notify the attending physician of the approval of a full and final settlement if the full and final settlement terminates the employee's entitlement to medical benefits. Unless medical benefits rendered before the approval date of the full and final settlement are subject to a dispute or payment for the treatment was included in the full and final settlement agreement, the carrier, special fund or self-insured employer remains responsible for payment for the treatment not covered by the full and final settlement agreement as provided by this chapter.

~~H.~~ I. Notwithstanding subsection A of this section, a full and final settlement may not be negotiated to settle issues resulting in total and permanent disability pursuant to section 23-1045, subsections C and D.

~~I.~~ J. A full and final settlement agreement may not include the settlement of claims unrelated to the claim for compensation, benefits, penalties and interest.

~~J.~~ K. This section does not apply to the settlement of claims that have been denied.

~~K.~~ L. For the purposes of this section:

1. "Full and final settlement" means a settlement in which the injured employee or, if the injured employee is deceased, the employee's estate, surviving spouse or dependent waives any future entitlement to benefits on the claim and any future right to change the claim pursuant to section 23-1044, subsection F or reopen the claim pursuant to section 23-1061, subsection H.

2. "Special fund" means the special fund established by section 23-1065.

Sec. 2. Title 23, chapter 6, article 3, Arizona Revised Statutes, is amended by adding section 23-941.03, to read:

23-941.03. Settlement of claims: supportive medical maintenance benefits; definition

A. ANY FINAL SETTLEMENT AGREEMENT INVOLVING UNDISPUTED ENTITLEMENT TO SUPPORTIVE MEDICAL MAINTENANCE BENEFITS IS NOT VALID AND ENFORCEABLE UNTIL THE FINAL SETTLEMENT AGREEMENT IS APPROVED BY THE COMMISSION.

B. THE COMMISSION MAY APPROVE A FINAL SETTLEMENT AGREEMENT INVOLVING UNDISPUTED ENTITLEMENT TO SUPPORTIVE MEDICAL MAINTENANCE BENEFITS IF THE REQUIREMENTS OF THIS SECTION ARE SATISFIED.

C. SUBJECT TO THE FOLLOWING REQUIREMENTS, THE INTERESTED PARTIES TO A CLAIM MAY ENTER INTO A FINAL SETTLEMENT AND RELEASE OF A CLAIM FOR UNDISPUTED ENTITLEMENT TO SUPPORTIVE MEDICAL MAINTENANCE BENEFITS AFTER THE PERIOD OF TEMPORARY DISABILITY IS TERMINATED BY A FINAL NOTICE OF CLAIM STATUS OR AWARD OF THE COMMISSION. THE CARRIER, SPECIAL FUND OR SELF-INSURED EMPLOYER SHALL SUBMIT A SUMMARY OF ALL REASONABLY ANTICIPATED FUTURE SUPPORTIVE MEDICAL MAINTENANCE BENEFITS AND THE PROJECTED COST OF THE BENEFITS FOR REVIEW BY THE EMPLOYEE. THE SUMMARY SHALL ALSO BE INCLUDED WITH THE FINAL SETTLEMENT AGREEMENT FILED WITH THE

1 COMMISSION. ALL MEDICAL CONDITIONS SUBJECT TO THE FINAL SETTLEMENT
2 AGREEMENT MUST BE DESCRIBED IN THE FINAL SETTLEMENT AGREEMENT. THE FINAL
3 SETTLEMENT PROVISIONS DEFINED IN THIS SUBSECTION SHALL APPLY ONLY TO
4 FUTURE SUPPORTIVE MEDICAL MAINTENANCE BENEFITS FOR THE DESCRIBED
5 CONDITION.

6 D. THE CARRIER, SPECIAL FUND OR SELF-INSURED EMPLOYER SHALL INFORM
7 THE ATTENDING PHYSICIAN OF THE APPROVAL OF A FINAL SETTLEMENT AGREEMENT.
8 UNLESS SUPPORTIVE MEDICAL MAINTENANCE BENEFITS RENDERED BEFORE THE DATE OF
9 THE FINAL SETTLEMENT ARE SUBJECT TO A DISPUTE OR PAYMENT FOR THE TREATMENT
10 WAS INCLUDED IN THE FINAL SETTLEMENT AGREEMENT, THE CARRIER, SPECIAL FUND
11 OR SELF-INSURED EMPLOYER SHALL REMAIN RESPONSIBLE FOR PAYMENT FOR THE
12 TREATMENT NOT COVERED BY THE FINAL SETTLEMENT AGREEMENT AS PROVIDED BY
13 THIS CHAPTER.

14 E. THIS SECTION DOES NOT PROHIBIT A SETTLEMENT THAT DOES NOT
15 CONSTITUTE A FINAL SETTLEMENT.

16 F. FOR THE PURPOSES OF THIS SECTION, "FINAL SETTLEMENT" MEANS A
17 SETTLEMENT IN WHICH THE INJURED WORKER WAIVES ANY FUTURE ENTITLEMENT TO
18 SUPPORTIVE MEDICAL MAINTENANCE BENEFITS FOR KNOWN CONDITIONS DESCRIBED IN
19 THE AGREEMENT.