1	State of Arkansas		
2	88th General Assembly	A Bill	
3	Regular Session, 2011		SENATE BILL 778
4			
5	By: Senators B. Pritchard, H	lolland	
6	By: Representatives Rice, P	erry, Sanders	
7			
8		For An Act To Be Entitled	
9	AN ACT TO) AMEND THE ARKANSAS WORKERS' COMPENSA	TION
10	LAW ENACT	CED BY INITIATED ACT 4 OF 1948 TO REST	ORE THE
11	STATUTORY	INTENT OF THE 79TH GENERAL ASSEMBLY	WHICH
12	HAS BEEN	ERODED BY THE COMMISSION AND THE COURT	TS AND
13	TO SPECIE	FICALLY OVERTURN CASE LAW WHICH HAS	
14	IMPERMISS	SIBLY DEVIATED FROM THE INTENT AND PLA	IN
15	LANGUAGE	OF ACT 796 OF 1993 CONTRARY TO SECTION	N 35 OF
16	SAID ACT;	AND FOR OTHER PURPOSES.	
17			
18			
19		Subtitle	
20	AN .	ACT TO AMEND THE ARKANSAS WORKERS'	
21	COM	PENSATION LAW ENACTED BY INITIATED ACT	1
22	4 0	F 1948 TO RESTORE THE STATUTORY INTENT	1
23	OF	THE 79TH GENERAL ASSEMBLY.	
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25			
26	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF ARKA	NSAS:
27			
28	SECTION 1. DO N	NOT CODIFY. <u>(a) The Eighty-Eighth Ge</u>	<u>neral Assembly</u>
29	realizes that the Ark	ansas workers' compensation statutes	<u>must be revised and</u>
30	amended from time to	time. Unfortunately, many of the chan	<u>ges made by this</u>
31	<u>act have become neces</u>	ssary because administrative law judge	s, the Workers'
32	Compensation Commissi	on, and the Arkansas courts have cont	<u>inually broadened</u>
33	the scope and eroded	the purpose of the workers' compensat	<u>ion statutes of</u>
34	<u>this state as amended</u>	by the Seventy-Ninth General Assembly	<u>y by Act 796 of</u>
35	<u>1993 whose stated pur</u>	pose was to increase workers' compens	<u>ation benefits for</u>
36	employees, to pay tim	nely temporary and permanent disabilit	<u>y benefits to all</u>



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legitimately injured workers who suffer an injury or disease arising out of 1 2 and in the course of their employment, to pay reasonable and necessary 3 medical expenses resulting from an injury or disease arising out of and in 4 the course of their employment, to return the worker to the work force, to 5 improve workplace safety, to improve the health care delivery, to encourage 6 the return to work of injured workers, to deter and punish frauds of agents, 7 brokers, solicitors, employers, and employees, to curtail the rise in medical costs associated with the provisions of workers' compensation benefits, and 8 9 to emphasize that the workers' compensation system in this state must be returned to a state of economic viability. The Eighty-Eighth General 10 11 Assembly intends to restate that the major and controlling purpose of 12 workers' compensation is to pay timely temporary and permanent disability benefits to all legitimately injured workers who suffer an injury or disease 13 14 arising out of and in the course of their employment, to pay reasonable and 15 necessary medical expenses resulting from an injury or disease arising out of 16 and in the course of their employment, and then to return the workers to the 17 work force, to improve workplace safety, to improve the health care delivery, 18 to encourage the return to work of injured workers, to deter and punish frauds of agents, brokers, solicitors, employers, and employees, to curtail 19 20 the rise in medical costs associated with the provisions of workers' compensation benefits, and to emphasize that the workers' compensation system 21 22 in this state must be returned to a state of economic viability. When, and if 23 the workers' compensation statutes of this state need to be changed, the 24 General Assembly acknowledges its responsibility to do so. 25 (b) It is the specific intent of the Eighty-Eighth General Assembly to repeal, annul, and hold for naught all prior opinions or decisions of any 26 27 administrative law judge, the Workers' Compensation Commission, or courts of 28 this state contrary to or in conflict with any provision in this act. In the future, if such things as the statute of limitations, the standard of review 29 30 by the Workers' Compensation Commission or courts, the extent to which any physical condition, injury, or disease should be excluded from or added to 31 coverage by the law, or the scope of the workers' compensation statutes need 32 to be liberalized, expanded, broadened, or narrowed, those things shall be 33 34 addressed by the General Assembly and should not be done by administrative 35 law judges, the Workers' Compensation Commission, or the courts. 36

1 SECTION 2. Arkansas Code § 11-9-102(4)(B)(iii), concerning exclusions 2 from the definition of "compensable injury" under the Workers' Compensation Law, is amended to read as follows: 3 4 (iii)(a) Injury which that was inflicted upon the 5 employee at a time when employment services were not being performed or 6 before the employee was hired or after the employment relationship was 7 terminated. 8 (b) When an employee is on break, whether 9 mandatory or voluntary, scheduled or unscheduled, on the clock or off, or has clocked out for the day and is exiting the premises, or when the employee has 10 11 not clocked in for the day and is entering the premises and sustains an injury, a rebuttable presumption shall arise that the injury was inflicted 12 13 upon the employee at a time when employment services were not being 14 performed. 15 (c) A purpose of subdivision (4)(B)(ii)(b) of 16 this section is to specifically annul any case law inconsistent with this 17 subdivision (4)(B)(ii), including without limitation Wood v. Wendy's Old Fashioned Hamburgers, 2010 Ark. App. 307, S.W.3d (2010); Barrett v. C.L. 18 Swanson Corp., 2010 Ark. App. 91, S.W.3d (2010); Dearman v. Deltic Timber 19 20 Corp., 2010 Ark. App. 87, S.W.3d (2010); and Jonesboro Care & Rehab Center v. 21 Woods, 2010 Ark. 482, S.W.3d (2010);or 22 23 SECTION 3. Arkansas Code § 11-9-102(4)(D), concerning the burden of 24 proof under the definition of "compensable injury" under the Workers' 25 Compensation Law, is amended to read as follows: 26 (D) A compensable injury must be established by medical 27 evidence supported by of objective findings as defined in subdivision (16) of 28 this section. 29 30 SECTION 4. Arkansas Code § 11-9-102(16)(A)(i), concerning the 31 definition of "objective findings" under the Workers' Compensation Law, is 32 amended to read as follows: 33 (16)(A)(i)(a) "Objective findings" are those findings which that cannot come under the voluntary control of the patient. 34 35 (b) "Objective findings" shall be made 36 specifically by a licensed physician.

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1	(c) "Objective findings" does not include a
2	prescription, without a specific finding.
3	(d) A purpose of subdivisions (16)(A)(i)(b)
4	and (c) of this section is to specifically annul any case law inconsistent
5	with this subdivision (16)(A)(i), including without limitation Denning v.
6	Wal-Mart Associates, 2009 Ark. App. 842, S.W.3d (2009); Estridge v. Waste
7	Management, 343 Ark. 276, 33 S.W.3d 167 (2002); and Fred's, Inc. v.
8	Jefferson, 361 Ark. 258, 206 S.W.3d 238 (2005).
9	
10	SECTION 5. Arkansas Code § 11-9-410 is amended to read as follows:
11	11-9-410. Third-party liability.
12	(a) Liability Unaffected.
13	(1)(A) The making of a claim for compensation against any
14	employer or carrier for the injury or death of an employee shall not affect
15	the right of the employee, or his or her dependents, to make a claim or
16	maintain an action in court against any third party for the injury, but the
17	employer or the employer's carrier shall be entitled to reasonable notice and
18	opportunity to join in the action.
19	(B) If they, or either of them, join in the action, they
20	shall be entitled to a first lien upon two-thirds (2/3) of the net proceeds
21	recovered in the action that remain after the payment of the reasonable costs
22	of collection, for the payment to them of the amount paid and to be paid by
23	them as compensation to the injured employee or his or her dependents.
24	(2) The commencement of an action by an employee or his or her
25	dependents against a third party for damages by reason of an injury to which
26	this chapter is applicable, or the adjustment of any claim, shall not affect
27	the rights of the injured employee or his or her dependents to recover
28	compensation, but any amount recovered by the injured employee or his or her
29	dependents from a third party shall be applied as follows:
30	(A) Reasonable costs of collection shall be deducted;
31	(B) Then, in every case, one-third (1/3) of the remainder
32	shall belong to the injured employee or his or her dependents, as the case
33	may be;
34	(C) The remainder, or so much as is necessary to discharge
35	the actual amount of the liability of the employer and the carrier; and
36	(D) Any excess shall belong to the injured employee or his

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1 or her dependents.

2 (1)(A) The making of a claim for compensation against any employer or carrier for the injury or death of an employee shall not affect 3 the right of the employee, or his or her dependents, to make a claim or 4 5 maintain an action in court against any third party for the injury. 6 (B)(i) By the acceptance of compensation under this 7 chapter, the employee grants the employer or employer's insurance carrier an 8 absolute first lien upon the proceeds of any settlement or judgment resulting 9 from the exercise of any rights of recovery of the employee against any third 10 party. 11 (ii) The employer or employer's carrier shall be 12 entitled to an absolute first lien upon the net proceeds recovered in the 13 action that remain after the payment of the reasonable cost of collection to 14 discharge the actual amount of liability of the employer or carrier, with any 15 excess being paid to the employee and serving as a credit against any future 16 compensation payments to be paid to the employee or his or her dependents. 17 (b) Subrogation. 18 (1) An employer or carrier liable for compensation under this 19 chapter for the injury or death of an employee shall have the right to 20 maintain an action in tort against any third party responsible for the injury 21 or death. However, the employer or the carrier must notify the claimant in 22 writing that the elaimant has the right to hire a private attorney to pursue 23 any benefits to which the claimant is entitled in addition to the subrogation 24 interest against any third party responsible for the injury or death. 25 (2) After reasonable notice and opportunity to be represented in 26 the action has been given to the compensation beneficiary, the liability of 27 the third party to the compensation beneficiary shall be determined in the 28 action, as well as the third party's liability to the employer and carrier. 29 (3)(A) After recovery shall be had against the third party, by 30 suit or otherwise, the compensation beneficiary shall be entitled to any 31 amount recovered over and above the amount that the employer and carrier have 32 paid or are liable for in compensation, after deducting reasonable costs of 33 collection. 34 (B) In no event shall the compensation beneficiary be 35 entitled to less than one-third (1/3) of the amount recovered from the third 36 party, after deducting the reasonable cost of collection.

1 (4) An employer or carrier who is liable for compensation under 2 this chapter on account of injury or death of an employee shall be entitled to maintain a third party action against the employer's uninsured motorist 3 4 coverage or underinsured motorist coverage. 5 (5) The purpose and intent of this subsection is to prevent 6 double payment to the employee. 7 (1)(A) If no action is brought by the employee, the employer or 8 employer's carrier liable for compensation under this chapter for the injury 9 or death of an employee shall have the right to initiate an action in tort 10 against any third party responsible for the injury or death of the employee. 11 (B) The employee or his or her dependents shall be 12 entitled to reasonable notice of a claim against a third party. 13 (C) The employer or employer's insurance carrier shall 14 notify the employee or his or her dependents in writing that the employee or 15 his or her dependents have the right to hire a private attorney to pursue any 16 benefits to which the employee is entitled in addition to the subrogation 17 interest against any third-party responsible for the injury or death. 18 (2) After reasonable notice and opportunity to be represented in the action has been given to the employee or his or her dependents, the 19 20 liability of the third-party to the employee or his or her dependents shall be determined in the action, as well as the third-party's liability to the 21 22 employer or employer's insurance carrier. 23 (3) The employee or his or her dependents shall cooperate in the 24 litigation or settlement of the claim against a third party. 25 (4)(A) After payment of the reasonable cost of collection, the 26 net proceeds or any settlement or judgment shall be paid to the employer or 27 carrier to the total amount of compensation paid. 28 (B) Any balance remaining after payment of necessary expenses and the satisfaction of the employer's or carrier's lien shall be 29 30 paid to the employee and be applied as credit against any future compensation benefits for the same injury. 31 32 (c) Settlement of Claims. 33 (1) Settlement of claims under subsections (a) and (b) of this section must have the approval of the court or of the commission, except that 34 35 the distribution of that portion of the settlement which represents the 36

compensation payable under this chapter must have the approval of the

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l commission.

2	(2) Where liability is admitted to the injured employee or his
3	or her dependents by the employer or carrier, the cost of collection may be
4	deducted from that portion of the settlement under subsections (a) or (b) of
5	this section representing compensation, upon direction and approval of the
6	commission.
7	(3) No party shall settle a claim under subsections (a) and (b)
8	of this section without first giving three (3) days' written notice to all
9	parties with an interest in the claim of the intent to settle.
10	(4) Each party with an interest in a claim under subsections (a)
11	and (b) shall cooperate with all other parties in litigation or settlement of
12	such claims.
13	(c)(l) The purpose and intent of this section is to prevent double
14	recovery to the employee and to annul specifically any case law inconsistent
15	with this subsection, including without limitation all case law interpreting
16	the previous § 11-9-410, and Travelers Ins. Co. v. McCluskey, 252 Ark. 1045,
17	483 S.W.2d 179 (1972); General Accident Ins. v. Jayne, 343 Ark. 143, 33
18	S.W.3d 161 (2001) and Phillip Morris USA v. James 79 Ark. App. 72, 835 S.W.3d
19	<u>441 (2002).</u>
20	(2) The common law Made-Whole Doctrine as espoused by the courts
21	in General Accident Ins. v. Jayne, 343 Ark. 143, 33 S.W.3d 161 (2001) and
22	Phillip Morris USA v. James 79 Ark. App. 72, 835 S.W.3d 441 (2002) is
23	repealed.
24	(d) The subrogation right of an employer and its insurance carrier to
25	recover from a third-party tortfeasor who has caused injury or death to an
26	employee of the employer is absolute and cannot be waived by the employer or
27	its insurance carrier unless the employer or its insurance carrier elects to
28	<u>do so in writing.</u>
29	(e) Settlement of claims under this section shall be approved by the
30	commission.
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32	SECTION 6. Arkansas Code § 11-9-508(a), concerning the liability of
33	employers for medical services and supplies under the Workers' Compensation
34	Law, is amended to read as follows:
35	(a) <u>(1)</u> The employer shall promptly provide for an injured employee
36	such medical, surgical, hospital, chiropractic, optometric, podiatric, and

nursing services and medicine, crutches, ambulatory devices, artificial limbs, eyeglasses, contact lenses, hearing aids, and other apparatus as may be reasonably necessary in connection with the injury received by the employee.

5 (2) The compensable injury must be the major cause of the need
6 for treatment.
7 (3) The purpose of subdivision (a)(2) of this section is to

8 annul any case law inconsistent with subdivision (a)(2) of this section,
9 including without limitation Williams v. L & W Janitorial, 85 Ark. App. 1,
10 145 S.W.3d 383 (2004).

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SECTION 7. Arkansas Code § 11-9-514(a)(3)(A)(ii) and (iii), concerning changes of physicians under the Workers' Compensation Law, is amended to read as follows:

15 (ii) Where the employer has contracted with a 16 managed care organization certified by the commission, the claimant employee, 17 however, shall may be allowed to change physicians by petitioning the 18 commission one (1) time only for a change of physician and establishing by a 19 preponderance of the evidence that there is a compelling reason or 20 circumstance justifying the change to a physician who must either be 21 associated with the managed care entity chosen by the employer or be the 22 regular treating physician of the employee who maintains the employee's 23 medical records and with whom the employee has a bona fide doctor-patient 24 relationship demonstrated by a history of regular treatment prior to the 25 onset of the compensable injury but only if the primary care physician agrees 26 to refer the employee to the managed care entity chosen by the employer for 27 any specialized treatment, including physical therapy, and only if the 28 primary care physician agrees to comply with all the rules, terms, and 29 conditions regarding services performed by the managed care entity chosen by 30 the employer.

(iii) Where the employer does not have a contract with a managed care organization certified by the commission, the claimant employee, however, shall may be allowed to change physicians by petitioning the commission one (1) time only for a change of physician <u>and establishing</u> <u>by a preponderance of the evidence that there is a compelling reason or</u> <u>circumstance justifying the change</u>, to a physician who must either be

1 associated with any managed care entity certified by the commission or be the 2 regular treating physician of the employee who maintains the employee's medical records and with whom the employee has a bona fide doctor-patient 3 4 relationship demonstrated by a history of regular treatment prior to the 5 onset of the compensable injury, but only if the primary care physician 6 agrees to refer the employee to a physician associated with any managed care 7 entity certified by the commission for any specialized treatment, including 8 physical therapy, and only if the primary care physician agrees to comply 9 with all the rules, terms, and conditions regarding services performed by any 10 managed care entity certified by the commission. 11 (iv) A purpose of the 2011 amendment to this 12 subdivision (a)(3)(A) of this section by this act is to specifically annul 13 any case law inconsistent with subdivision (a)(3)(A) of this section, including without limitation Collins v. Lennox Industries, Inc., 77 Ark. App. 14 15 303, 75 S.W.3d 204 (2002). 16 17 SECTION 8. Arkansas Code § 11-9-514(c)(1), concerning changes of physicians under the Workers' Compensation Law, is amended to read as 18 19 follows: 20 (c)(1)(A) After being notified of an injury, the employer or insurance 21 carrier shall deliver to the employee, in person or by certified or 22 registered mail, return receipt requested, a copy of a notice, approved or 23 prescribed by the commission, which that explains the employee's rights and 24 responsibilities concerning change of physician. 25 (B) The employee's signature on this document is deemed 26 sufficient notice for purposes of the 2011 amendment to this chapter by this 27 act. 28 29 SECTION 9. Arkansas Code § 11-9-519(c), concerning compensation for 30 disability under the Workers' Compensation Law, is amended to read as 31 follows: 32 In all other cases, permanent total disability shall be include a (c) 33 physical impairment rating and determined in accordance with the facts. 34 35 SECTION 10. Arkansas Code § 11-9-519 is amended to add an additional 36 subsection to read as follows:

1	(1) The number of the energy to this section by this set is to		
1	(h) The purpose of the amendment to this section by this act is to		
2	eliminate the discrepancy between permanent partial and permanent total		
3	disability benefits and to specifically annul any case law inconsistent with		
4	the amendment to this section by this act, including without limitation		
5	Rutherford v. Mid-Delta Community Services, 102 Ark. App. 317, 285 S.W.3d 248		
6	(2008).		
7			
8	SECTION 11. Arkansas Code § 11-9-521(a) concerning compensation for		
9	disability under the Workers' Compensation Law, is amended to read as		
10	follows:		
11	(a) An employee who sustains a permanent compensable injury scheduled		
12	in this section shall receive, in addition to compensation for temporary		
13	total and temporary partial benefits during the healing period or until the		
14	employee returns to work, whichever occurs first, weekly benefits in the		
15	amount of the permanent partial disability rate attributable to the injury,		
16	for that period of time set out in the following schedule:		
17	(1) Arm amputated at the elbow, or between the elbow and		
18	shoulder, two hundred forty-four (244) weeks;		
19	(2) Arm amputated between the elbow and wrist, one hundred		
20	eighty-three (183) weeks;		
21	(3) Leg amputated at the knee, or between the knee and the hip,		
22	one hundred eighty-four (184) weeks;		
23	(4) Leg amputated between the knee and the ankle, one hundred		
24	thirty-one (131) weeks;		
25	(5) Hand amputated, one hundred eighty-three (183) weeks;		
26	(6) Thumb amputated, seventy-three (73) weeks;		
27	(7) First finger amputated, forty-three (43) weeks;		
28	(8) Second finger amputated, thirty-seven (37) weeks;		
29	(9) Third finger amputated, twenty-four (24) weeks;		
30	(10) Fourth finger amputated, nineteen (19) weeks;		
31	(11) Foot amputated, one hundred thirty-one (131) weeks;		
32	(12) Great toe amputated, thirty-two (32) weeks;		
33	(13) Toe other than great toe amputated, eleven (11) weeks;		
34	(14) Eye enucleated, in which there was useful vision, one		
35	hundred five (105) weeks;		
36	(15) Loss of hearing of one ear, forty-two (42) weeks;		

1 (16) Loss of hearing of both ears, one hundred fifty-eight (158) 2 weeks: 3 (17) Loss of one testicle, fifty-three (53) weeks; loss of both 4 testicles, one hundred fifty-eight (158) weeks. 5 6 SECTION 12. Arkansas Code § 11-9-521 is amended to add an additional 7 subsection to read as follows: 8 (i)(A) Temporary total disability benefits for 9 scheduled injuries shall be awarded under the same standard as applied to 10 injuries to the body as a whole. 11 (B) The purpose of subdivision (i)(i) of this section is to 12 specifically annul any case law inconsistent herewith, including without 13 limitation Wheeler Construction v. Armstrong, 73 Ark. App. 146, 41 S.W.3d 822 (2001) and the line of cases relying on those cases. 14 15 16 SECTION 13. Arkansas Code § 11-9-704(c)(1)(B), concerning proceedings 17 on claims under the Workers' Compensation Law, is amended to read as follows: 18 (B)(ii) Any determination of the existence or extent of 19 physical impairment shall be supported by established by and based upon objective and measurable physical or mental findings. 20 21 (ii) A purpose of subdivision (c)(1)(B) of this 22 section is to specifically annul any case law inconsistent with the 2011 23 amendment to subdivision (c)(1)(B) of this section, including without limitation Singleton v. City of Pine Bluff, 97 Ark. App. 59, 244 S.W.3d 709 24 (2007); and Groom v. Nekoosa Papers, Inc., CA 06-406 (opinion issued 12-13-25 2006 Not Designated for Publication). 26 27 SECTION 14. Arkansas Code § 11-9-1001 is amended to read as follows: 28 29 11-9-1001. Legislative declaration. 30 The Seventy-Ninth Eighty-Eighth General Assembly realizes that the 31 Arkansas workers' compensation statutes must be revised and amended from time 32 to time. Unfortunately, many of the changes made by this act were are 33 necessary because administrative law judges, the Workers' Compensation 34 Commission, and the Arkansas courts have continually broadened the scope and 35 eroded the purpose of the workers' compensation statutes of this state Act 36 796 of 1993. The Seventy-Ninth Eighty-Eighth General Assembly intends to

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restate that the major and controlling purpose of workers' compensation is to pay timely temporary and permanent disability benefits to all legitimately injured workers that who suffer an injury or disease arising out of and in the course of their employment, to pay reasonable and necessary medical expenses resulting therefrom, and then to return the worker to the work force. When, and if, the workers' compensation statutes of this state need to be changed, the General Assembly acknowledges its responsibility to do so. It is the specific intent of the Seventy-Ninth Eighty-Eighth General Assembly to repeal, annul, and hold for naught all prior opinions or decisions of any administrative law judge, the Workers' Compensation Commission, or courts of this state contrary to or in conflict with any provision in this act. In the future, if such things as the statute of limitations, the standard of review by the Workers' Compensation Commission or courts, the extent to which any physical condition, injury, or disease should be excluded from or added to coverage by the law, or the scope of the workers' compensation statutes need to be liberalized, broadened, or narrowed, those things shall be addressed by the General Assembly and should not be done by administrative law judges, the Workers' Compensation Commission, or the courts.