



Connecticut Business & Industry Association

Testimony of Kia F. Murrell
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H.B. 6474 AAC The Resolution of Liens in Workers Compensation Cases

My name is Kia Murrell and I am Assistant Counsel for Labor & Employment matters at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses, but the vast majority of our members are small businesses of 50 or fewer employees. As a general principle, CBIA opposes legislation that increases the costs of doing business in the state; creates new administrative burdens for employers; or restricts employers' flexibility when managing their workforces and handling workplace claims.

We oppose H.B. 6474 because it unfairly increases the costs of doing business for Connecticut employers. The proposal requires employers participating in third-party workers' compensation cases, after they have already paid an employee workers' compensation benefits, to have their recovery in such cases reduced by one-third unless otherwise agreed upon by the parties. This reduction does not apply to cases where the state of Connecticut, its agencies or the Second Injury Fund intervene in third-party workers compensation actions.

We believe H.B. 6474 places an unfair financial burden on employers because:

- **It essentially forces employers to pay for the same work-related injury three times:** Once, in the workers' compensation benefits paid to the employee, twice for the employer's attorney fees, and then again when the employer's ultimate recovery amount is reduced by one-third.
- **Employers incur significant legal costs in exercising their right to recover losses suffered in these types of workers' compensation cases.** State law allows an employer to intervene in a lawsuit filed by an employee against a third-party tort feisor and employers routinely participate in alternative dispute resolution in these cases in an effort to save time and money. With the investment of time, money and effort expended to protect their right to intervene, reducing the amount of an employer's recovery is unfair and will leave them with little to no monetary reward for their efforts in many cases.

- **In most cases, employers usually do not receive their full reimbursement even now.** Employers are entitled by law to receive full lien recovery, but often agree to negotiate down or accept less than the full amount of their recovery in order to speed case settlement. If employers' recovery is reduced even further than they stand to receive much less.
- **Connecticut state law prohibits employees from receiving "double payment."** Courts and the legislature have long held that employees should not be paid twice for the same injury, but H.B. 6474 will contradict this tenet. It will unfairly increase the employee's payback to include an additional payment for its legal fees by the employer.
- **Employers will have to pay for two attorneys representing conflicting financial interests.** In addition to the adverse concept of double billing, requiring a percentage of the employee's attorney fee be paid by the employer could create a disincentive for the employee's attorney to quickly resolve the claims case.

What's more, by mandating a reduction in employers' lien recovery, S.B. 6474 will likely take away any employer's incentive to compromise on its reimbursement in order to settle a claim. This will mean a slower, more difficult and more costly path to the resolution of cases, as well as a backlogged court system.

For all of these reasons, we oppose this legislation and urge the committee to reject H.B. 6474.