

1 AN ACT relating to workers' compensation for first responders.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 342.0011 is amended to read as follows:

4 As used in this chapter, unless the context otherwise requires:

5 (1) **(a)** "Injury" means any work-related traumatic event or series of traumatic events,
6 including cumulative trauma, arising out of and in the course of employment
7 which is the proximate cause producing a harmful change in the human
8 organism evidenced by objective medical findings. "Injury" does not include
9 the effects of the natural aging process, and does not include any
10 communicable disease unless the risk of contracting the disease is increased
11 by the nature of the employment. "Injury" when used generally, unless the
12 context indicates otherwise, shall include an occupational disease and damage
13 to a prosthetic appliance, but shall not include a psychological, psychiatric, or
14 stress-related change in the human organism, unless it is a direct result of a
15 physical injury.

16 **(b) Notwithstanding paragraph (a) of this subsection, "injury" for a:**

17 **1. Police officer, firefighter, or emergency medical services personnel as**
18 **defined in KRS 61.315;**

19 **2. Front-line staff as defined in KRS 194A.065; or**

20 **3. Kentucky National Guard member on state active duty as defined in**
21 **KRS 38.010(4);**

22 **may include a psychological, psychiatric, or stress-related change in the**
23 **human organism that is not a direct result of a physical injury, as specified**
24 **in Section 2 of this Act;**

25 (2) "Occupational disease" means a disease arising out of and in the course of the
26 employment;

27 (3) An occupational disease as defined in this chapter shall be deemed to arise out of

1 the employment if there is apparent to the rational mind, upon consideration of all
2 the circumstances, a causal connection between the conditions under which the
3 work is performed and the occupational disease, and which can be seen to have
4 followed as a natural incident to the work as a result of the exposure occasioned by
5 the nature of the employment and which can be fairly traced to the employment as
6 the proximate cause. The occupational disease shall be incidental to the character of
7 the business and not independent of the relationship of employer and employee. An
8 occupational disease need not have been foreseen or expected but, after its
9 contraction, it must appear to be related to a risk connected with the employment
10 and to have flowed from that source as a rational consequence;

11 (4) "Injurious exposure" shall mean that exposure to occupational hazard which would,
12 independently of any other cause whatsoever, produce or cause the disease for
13 which the claim is made;

14 (5) "Death" means death resulting from an injury or occupational disease;

15 (6) "Carrier" means any insurer, or legal representative thereof, authorized to insure the
16 liability of employers under this chapter and includes a self-insurer;

17 (7) "Self-insurer" is an employer who has been authorized under the provisions of this
18 chapter to carry his or her own liability on his or her employees covered by this
19 chapter;

20 (8) "Department" means the Department of Workers' Claims in the Education and
21 Labor Cabinet;

22 (9) "Commissioner" means the commissioner of the Department of Workers' Claims
23 under the direction and supervision of the secretary of the Education and Labor
24 Cabinet;

25 (10) "Board" means the Workers' Compensation Board;

26 (11) (a) "Temporary total disability" means the condition of an employee who has not
27 reached maximum medical improvement from an injury and has not reached a

- 1 level of improvement that would permit a return to employment;
- 2 (b) "Permanent partial disability" means the condition of an employee who, due
3 to an injury, has a permanent disability rating but retains the ability to work;
4 and
- 5 (c) "Permanent total disability" means the condition of an employee who, due to
6 an injury, has a permanent disability rating and has a complete and permanent
7 inability to perform any type of work as a result of an injury, except that total
8 disability shall be irrebuttably presumed to exist for an injury that results in:
- 9 1. Total and permanent loss of sight in both eyes;
 - 10 2. Loss of both feet at or above the ankle;
 - 11 3. Loss of both hands at or above the wrist;
 - 12 4. Loss of one (1) foot at or above the ankle and the loss of one (1) hand at
13 or above the wrist;
 - 14 5. Permanent and complete paralysis of both arms, both legs, or one (1)
15 arm and one (1) leg;
 - 16 6. Incurable insanity or imbecility; or
 - 17 7. Total loss of hearing;
- 18 (12) "Income benefits" means payments made under the provisions of this chapter to the
19 disabled worker or his ***or her*** dependents in case of death, excluding medical and
20 related benefits;
- 21 (13) "Medical and related benefits" means payments made for medical, hospital, burial,
22 and other services as provided in this chapter, other than income benefits;
- 23 (14) "Compensation" means all payments made under the provisions of this chapter
24 representing the sum of income benefits and medical and related benefits;
- 25 (15) "Medical services" means medical, surgical, dental, hospital, nursing, and medical
26 rehabilitation services, medicines, and fittings for artificial or prosthetic devices;
- 27 (16) "Person" means any individual, partnership, limited partnership, limited liability

1 company, firm, association, trust, joint venture, corporation, or legal representative
2 thereof;

3 (17) "Wages" means, in addition to money payments for services rendered, the
4 reasonable value of board, rent, housing, lodging, fuel, or similar advantages
5 received from the employer, and gratuities received in the course of employment
6 from persons other than the employer as evidenced by the employee's federal and
7 state tax returns;

8 (18) "Agriculture" means the operation of farm premises, including the planting,
9 cultivation, producing, growing, harvesting, and preparation for market of
10 agricultural or horticultural commodities thereon, the raising of livestock for food
11 products and for racing purposes, and poultry thereon, and any work performed as
12 an incident to or in conjunction with the farm operations, including the sale of
13 produce at on-site markets and the processing of produce for sale at on-site markets.
14 It shall not include the commercial processing, packing, drying, storing, or canning
15 of such commodities for market, or making cheese or butter or other dairy products
16 for market;

17 (19) "Beneficiary" means any person who is entitled to income benefits or medical and
18 related benefits under this chapter;

19 (20) "United States," when used in a geographic sense, means the several states, the
20 District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and the
21 territories of the United States;

22 (21) "Alien" means a person who is not a citizen, a national, or a resident of the United
23 States or Canada. Any person not a citizen or national of the United States who
24 relinquishes or is about to relinquish his or her residence in the United States shall
25 be regarded as an alien;

26 (22) "Insurance carrier" means every insurance carrier or insurance company authorized
27 to do business in the Commonwealth writing workers' compensation insurance

1 coverage and includes the Kentucky Employers Mutual Insurance Authority and
2 every self-insured group operating under the provisions of this chapter;

3 (23) (a) "Severance or processing of coal" means all activities performed in the
4 Commonwealth at underground, auger, and surface mining sites; all activities
5 performed at tipple or processing plants that clean, break, size, or treat coal;
6 and all activities performed at coal loading facilities for trucks, railroads, and
7 barges. Severance or processing of coal shall not include acts performed by a
8 final consumer if the acts are performed at the site of final consumption.

9 (b) "Engaged in severance or processing of coal" shall include all individuals,
10 partnerships, limited partnerships, limited liability companies, corporations,
11 joint ventures, associations, or any other business entity in the Commonwealth
12 which has employees on its payroll who perform any of the acts stated in
13 paragraph (a) of this subsection, regardless of whether the acts are performed
14 as owner of the coal or on a contract or fee basis for the actual owner of the
15 coal. A business entity engaged in the severance or processing of coal,
16 including but not limited to administrative or selling functions, shall be
17 considered wholly engaged in the severance or processing of coal for the
18 purpose of this chapter. However, a business entity which is engaged in a
19 separate business activity not related to coal, for which a separate premium
20 charge is not made, shall be deemed to be engaged in the severance or
21 processing of coal only to the extent that the number of employees engaged in
22 the severance or processing of coal bears to the total number of employees.
23 Any employee who is involved in the business of severing or processing of
24 coal and business activities not related to coal shall be prorated based on the
25 time involved in severance or processing of coal bears to his ***or her*** total time;

26 (24) "Premium" for every self-insured group means any and all assessments levied on its
27 members by such group or contributed to it by the members thereof. For special

1 fund assessment purposes, "premium" also includes any and all membership dues,
2 fees, or other payments by members of the group to associations or other entities
3 used for underwriting, claims handling, loss control, premium audit, actuarial, or
4 other services associated with the maintenance or operation of the self-insurance
5 group;

6 (25) (a) "Premiums received" for policies effective on or after January 1, 1994, for
7 insurance companies means direct written premiums as reported in the annual
8 statement to the Department of Insurance by insurance companies, except that
9 "premiums received" includes premiums charged off or deferred, and, on
10 insurance policies or other evidence of coverage with provisions for
11 deductibles, the calculated cost for coverage, including experience
12 modification and premium surcharge or discount, prior to any reduction for
13 deductibles. The rates, factors, and methods used to calculate the cost for
14 coverage under this paragraph for insurance policies or other evidence of
15 coverage with provisions for deductibles shall be the same rates, factors, and
16 methods normally used by the insurance company in Kentucky to calculate
17 the cost for coverage for insurance policies or other evidence of coverage
18 without provisions for deductibles, except that, for insurance policies or other
19 evidence of coverage with provisions for deductibles effective on or after
20 January 1, 1995, the calculated cost for coverage shall not include any
21 schedule rating modification, debits, or credits. For policies with provisions
22 for deductibles with effective dates on or after January 1, 1995, assessments
23 shall be imposed on premiums received as calculated by the deductible
24 program adjustment. The cost for coverage calculated under this paragraph by
25 insurance companies that issue only deductible insurance policies in Kentucky
26 shall be actuarially adequate to cover the entire liability of the employer for
27 compensation under this chapter, including all expenses and allowances

1 normally used to calculate the cost for coverage. For policies with provisions
2 for deductibles with effective dates of May 6, 1993, through December 31,
3 1993, for which the insurance company did not report premiums and remit
4 special fund assessments based on the calculated cost for coverage prior to the
5 reduction for deductibles, "premiums received" includes the initial premium
6 plus any reimbursements invoiced for losses, expenses, and fees charged
7 under the deductibles. The special fund assessment rates in effect for
8 reimbursements invoiced for losses, expenses, or fees charged under the
9 deductibles shall be those percentages in effect on the effective date of the
10 insurance policy. For policies covering covered employees having a co-
11 employment relationship with a professional employer organization and a
12 client as defined in KRS Chapter 336, "premiums received" means premiums
13 calculated using the experience modification factor of each client as defined
14 in KRS Chapter 336 for each covered employee for that portion of the payroll
15 pertaining to the covered employee.

16 (b) "Direct written premium" for insurance companies means the gross premium
17 written less return premiums and premiums on policies not taken but
18 including policy and membership fees.

19 (c) "Premium," for policies effective on or after January 1, 1994, for insurance
20 companies means all consideration, whether designated as premium or
21 otherwise, for workers' compensation insurance paid to an insurance company
22 or its representative, including, on insurance policies with provisions for
23 deductibles, the calculated cost for coverage, including experience
24 modification and premium surcharge or discount, prior to any reduction for
25 deductibles. The rates, factors, and methods used to calculate the cost for
26 coverage under this paragraph for insurance policies or other evidence of
27 coverage with provisions for deductibles shall be the same rates, factors, and

1 methods normally used by the insurance company in Kentucky to calculate
2 the cost for coverage for insurance policies or other evidence of coverage
3 without provisions for deductibles, except that, for insurance policies or other
4 evidence of coverage with provisions for deductibles effective on or after
5 January 1, 1995, the calculated cost for coverage shall not include any
6 schedule rating modifications, debits, or credits. For policies with provisions
7 for deductibles with effective dates on or after January 1, 1995, assessments
8 shall be imposed as calculated by the deductible program adjustment. The cost
9 for coverage calculated under this paragraph by insurance companies that
10 issue only deductible insurance policies in Kentucky shall be actuarially
11 adequate to cover the entire liability of the employer for compensation under
12 this chapter, including all expenses and allowances normally used to calculate
13 the cost for coverage. For policies with provisions for deductibles with
14 effective dates of May 6, 1993, through December 31, 1993, for which the
15 insurance company did not report premiums and remit special fund
16 assessments based on the calculated cost for coverage prior to the reduction
17 for deductibles, "premium" includes the initial consideration plus any
18 reimbursements invoiced for losses, expenses, or fees charged under the
19 deductibles.

20 (d) "Return premiums" for insurance companies means amounts returned to
21 insureds due to endorsements, retrospective adjustments, cancellations,
22 dividends, or errors.

23 (e) "Deductible program adjustment" means calculating premium and premiums
24 received on a gross basis without regard to the following:

- 25 1. Schedule rating modifications, debits, or credits;
- 26 2. Deductible credits; or
- 27 3. Modifications to the cost of coverage from inception through and

1 including any audit that are based on negotiated retrospective rating
2 arrangements, including but not limited to large risk alternative rating
3 options;

4 (26) "Insurance policy" for an insurance company or self-insured group means the term
5 of insurance coverage commencing from the date coverage is extended, whether a
6 new policy or a renewal, through its expiration, not to exceed the anniversary date
7 of the renewal for the following year;

8 (27) "Self-insurance year" for a self-insured group means the annual period of
9 certification of the group created pursuant to KRS 342.350(4) and 304.50-010;

10 (28) "Premium" for each employer carrying his or her own risk pursuant to KRS
11 342.340(1) shall be the projected value of the employer's workers' compensation
12 claims for the next calendar year as calculated by the commissioner using
13 generally-accepted actuarial methods as follows:

14 (a) The base period shall be the earliest three (3) calendar years of the five (5)
15 calendar years immediately preceding the calendar year for which the
16 calculation is made. The commissioner shall identify each claim of the
17 employer which has an injury date or date of last injurious exposure to the
18 cause of an occupational disease during each one (1) of the three (3) calendar
19 years to be used as the base, and shall assign a value to each claim. The value
20 shall be the total of the indemnity benefits paid to date and projected to be
21 paid, adjusted to current benefit levels, plus the medical benefits paid to date
22 and projected to be paid for the life of the claim, plus the cost of medical and
23 vocational rehabilitation paid to date and projected to be paid. Adjustment to
24 current benefit levels shall be done by multiplying the weekly indemnity
25 benefit for each claim by the number obtained by dividing the statewide
26 average weekly wage which will be in effect for the year for which the
27 premium is being calculated by the statewide average weekly wage in effect

1 during the year in which the injury or date of the last exposure occurred. The
2 total value of the claims using the adjusted weekly benefit shall then be
3 calculated by the commissioner. Values for claims in which awards have been
4 made or settlements reached because of findings of permanent partial or
5 permanent total disability shall be calculated using the mortality and interest
6 discount assumptions used in the latest available statistical plan of the
7 advisory rating organization defined in Subtitle 13 of KRS Chapter 304. The
8 sum of all calculated values shall be computed for all claims in the base
9 period;

10 (b) The commissioner shall obtain the annual payroll for each of the three (3)
11 years in the base period for each employer carrying his or her own risk from
12 records of the department and from the records of the Department of
13 Workforce Development, Education and Labor Cabinet. The commissioner
14 shall multiply each of the three (3) years of payroll by the number obtained by
15 dividing the statewide average weekly wage which will be in effect for the
16 year in which the premium is being calculated by the statewide average
17 weekly wage in effect in each of the years of the base period;

18 (c) The commissioner shall divide the total of the adjusted claim values for the
19 three (3) year base period by the total adjusted payroll for the same three (3)
20 year period. The value so calculated shall be multiplied by 1.25 and shall then
21 be multiplied by the employer's most recent annualized payroll, calculated
22 using records of the department and the Department of Workforce
23 Development data which shall be made available for this purpose on a
24 quarterly basis as reported, to obtain the premium for the next calendar year
25 for assessment purposes under KRS 342.122;

26 (d) For November 1, 1987, through December 31, 1988, premium for each
27 employer carrying its own risk shall be an amount calculated by the board

1 pursuant to the provisions contained in this subsection and such premium
2 shall be provided to each employer carrying its own risk and to the funding
3 commission on or before January 1, 1988. Thereafter, the calculations set
4 forth in this subsection shall be performed annually, at the time each employer
5 applies or renews its application for certification to carry its own risk for the
6 next twelve (12) month period and submits payroll and other data in support
7 of the application. The employer and the funding commission shall be notified
8 at the time of the certification or recertification of the premium calculated by
9 the commissioner, which shall form the employer's basis for assessments
10 pursuant to KRS 342.122 for the calendar year beginning on January 1
11 following the date of certification or recertification;

12 (e) If an employer having fewer than five (5) years of doing business in this state
13 applies to carry its own risk and is so certified, its premium for the purposes
14 of KRS 342.122 shall be based on the lesser number of years of experience as
15 may be available including the two (2) most recent years if necessary to create
16 a three (3) year base period. If the employer has less than two (2) years of
17 operation in this state available for the premium calculation, then its premium
18 shall be the greater of the value obtained by the calculation called for in this
19 subsection or the amount of security required by the commissioner pursuant to
20 KRS 342.340(1);

21 (f) If an employer is certified to carry its own risk after having previously insured
22 the risk, its premium shall be calculated using values obtained from claims
23 incurred while insured for as many of the years of the base period as may be
24 necessary to create a full three (3) year base. After the employer is certified to
25 carry its own risk and has paid all amounts due for assessments upon
26 premiums paid while insured, the employer shall be assessed only upon the
27 premium calculated under this subsection;

- 1 (g) "Premium" for each employer defined in KRS 342.630(2) shall be calculated
2 as set forth in this subsection; and
- 3 (h) Notwithstanding any other provision of this subsection, the premium of any
4 employer authorized to carry its own risk for purposes of assessments due
5 under this chapter shall be no less than thirty cents (\$0.30) per one hundred
6 dollars (\$100) of the employer's most recent annualized payroll for employees
7 covered by this chapter;
- 8 (29) "SIC code" as used in this chapter means the Standard Industrial Classification
9 Code contained in the latest edition of the Standard Industrial Classification Manual
10 published by the Federal Office of Management and Budget;
- 11 (30) "Investment interest" means any pecuniary or beneficial interest in a provider of
12 medical services or treatment under this chapter, other than a provider in which that
13 pecuniary or investment interest is obtained on terms equally available to the public
14 through trading on a registered national securities exchange, such as the New York
15 Stock Exchange or the American Stock Exchange, or on the National Association
16 of Securities Dealers Automated Quotation System;
- 17 (31) "Managed health care system" means a health care system that employs gatekeeper
18 providers, performs utilization review, and does medical bill audits;
- 19 (32) "Physician" means physicians and surgeons, psychologists, optometrists, dentists,
20 podiatrists, and osteopathic and chiropractic practitioners acting within the scope of
21 their license issued by the Commonwealth;
- 22 (33) "Objective medical findings" means information gained through direct observation
23 and testing of the patient applying objective or standardized methods;
- 24 (34) "Work" means providing services to another in return for remuneration on a regular
25 and sustained basis in a competitive economy;
- 26 (35) "Permanent impairment rating" means percentage of whole body impairment
27 caused by the injury or occupational disease as determined by the "Guides to the

1 Evaluation of Permanent Impairment";

2 (36) "Permanent disability rating" means the permanent impairment rating selected by
3 an administrative law judge times the factor set forth in the table that appears at
4 KRS 342.730(1)(b); and

5 (37) "Guides to the Evaluation of Permanent Impairment" means, except as provided in
6 KRS 342.262:

7 (a) The fifth edition published by the American Medical Association; and

8 (b) For psychological impairments, Chapter 12 of the second edition published by
9 the American Medical Association.

10 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 342 IS CREATED TO
11 READ AS FOLLOWS:

12 **(1) As used in this section:**

13 **(a) "Emergency medical services personnel" has the same meaning as in KRS**
14 **61.315;**

15 **(b) "Firefighter" has the same meaning as KRS 61.315;**

16 **(c) "Front-line staff" has the same meaning as KRS 194A.065;**

17 **(d) "Kentucky National Guard member" means a member on state active duty**
18 **as defined in KRS 38.010(4);**

19 **(e) "Police officer" has the same meaning as KRS 61.315; and**

20 **(f) "Qualified mental health professional" has the same as KRS 202A.011.**

21 **(2) If a police officer, firefighter, emergency medical services personnel, front-line**
22 **staff member, or a Kentucky National Guard member suffers a psychological,**
23 **psychiatric, or stress-related change in the human organism that is not a direct**
24 **result of a physical injury but is the result of a work-related event or cumulative**
25 **work-related stress, then that psychological, psychiatric, or stress-related change**
26 **shall be an injury arising out of employment if it is demonstrated by the**
27 **preponderance of the evidence that:**

- 1 (a) The work-related event or cumulative work-related stress was extraordinary
2 and unusual in comparison to pressures and tensions experienced by the
3 average employee across all occupations; and
- 4 (b) The work-related event or cumulative work-related stress, and not some
5 other event, was the proximate cause of the psychological, psychiatric, or
6 stress-related change in the human organism.
- 7 (3) A psychological, psychiatric, or stress-related change in the human organism
8 shall not be considered a work-related injury arising out of the course of
9 employment if it results from any disciplinary action, work evaluation, job
10 transfer, layoff, demotion, termination, or similar action taken in good faith by
11 the employer.
- 12 (4) (a) If a police officer, firefighter, emergency medical services personnel, front-
13 line staff member, or a Kentucky National Guard member is diagnosed with
14 post-traumatic stress disorder by a qualified mental health professional
15 within three (3) years of the last active date of employment as a police
16 officer, firefighter, emergency medical services personnel, front-line staff
17 member, or Kentucky National Guard member, then there shall be a
18 rebuttable presumption that the post-traumatic stress disorder is an injury
19 covered by this chapter, and the employer with whom the employee was last
20 injuriously exposed to the harmful stress shall be exclusively liable for
21 benefits.
- 22 (b) A presumption of a work-related injury under paragraph (a) of this
23 subsection may be overcome by the preponderance of the evidence that the
24 post-traumatic stress disorder was caused by nonservice-connected risk
25 factors or nonservice-connected exposure.