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New Batch of Workers' Compensation Bills Introduced

By Jason Schmelzer

The California State Legislature returned to Sacramento in January to complete the second year of their 2023-2024 legislative session. Legislators returned to the news that they'd be facing a significant budget shortfall - somewhere between \$37 and \$73 billion depending upon which estimate is to be believed. Governor Newsom projected the smaller number in his January budget proposal, while the Legislative Analyst Office (LAO) has consistently predicted a bigger budget hole.



The budget deficit is important not just because of the consequences for the state budget, which are significant, but also because deficits make passing bills more difficult. Most bill proposals have some net state cost to implement, so the road to passage gets significantly more difficult when resources are tight. During prior budget deficits the appropriations committees have lowered the threshold to trigger a bill's inclusion on "the suspense file," which is a list of bills that has meaningful state cost that is either held or released from the committee in a murky process that unfolds behind the scenes. It's a quiet way for the legislature to dispense with bills that are expensive but politically popular. Budget deficits make this process more treacherous for legislators.

Workers' compensation policy in California has calmed somewhat over the past decade. The legislature was forced to take meaningful action in the early 2000's after years of bad policy choices drove the system to the brink of collapse. The reforms of the Schwarzenegger years cut deep, and the next decade was spent carefully leveling the system in the eyes of injured workers. This was done carefully through several reform packages that increased benefits to injured workers while offsetting those increased costs with system savings for employers, but the last of those carefully negotiated compromise reform packages, SB 1160 (Mendoza) was passed in 2016 under then Governor Brown.

Since 2016 the legislature has focused mostly on presumption and other special benefits for various categories of police officers and firefighters, along with an assortment of other problematic bills brought by entities representing attorneys and various medical interests. Some believe that the workers' compensation system in California, which is comparatively expensive but stable, is getting closer to the point where another negotiated compromise between labor and management may be needed to maintain that stability. However, much like many of our members, workers' compensation insurance is not the state's primary insurance "problem."

The legislature's deadline to introduce new bills was February 16th, but there are many "spot bills" that could be amended into brand new proposals in the coming weeks. Spot bills are placeholder bills that are introduced while the final details of a proposal are being worked out. There are likely to be additional measures impacting the workers' compensation system that will be introduced this year, but here are the bills that have our attention:

[AB 2200 by Assemblymember Ash Kalra \(D - San Jose\)](#) is sponsored by the California Nurses Association and would establish a single-payer health care system known as CalCare. The bill establishes a new state board and vests all power to implement CalCare, and the board is specifically directed to develop a proposal to cover the medical portion of workers' compensation under this new program, but also allows the board to recommend that this care continues to be offered under the current workers' compensation system.

Proposals to develop a single-payer system in California have been politically popular amongst the state's increasingly progressive voter base, but it continues to face logistical problems and financial realities that have prevented passage. AB 2200 is not likely to fare better in a year when the state faces a substantial deficit, but we will be watching the measure because of the potential impact to workers' compensation.

[SB 1205 by Senator John Laird \(D - Santa Cruz\)](#) recasts and expands the benefits available to an injured worker in connection with pursuing medical treatment. The bill makes it clear that injured workers are entitled to transportation, meals and lodging related to travel for medical treatment. But the bill would also expand benefits by requiring temporary disability be paid for lost time associated with medical treatment. It is unclear if the bill is sponsored by a specific stakeholder.

[SB 1299 by Senator Dave Cortese \(D - San Jose\)](#) would establish a presumption of compensability for any heat illness injury resulting from the failure to comply with California's heat illness prevention regulations. This is a unique statutory structure because the presumption is only applicable if an employer fails to comply with the state's heat illness regulations and that failure is the cause of the claimed injury.

CCWC is evaluating the legislation and will take a position in the coming weeks. However, CCWC has long held that presumptions should only be applied when there is objective evidence of a problem that is likely to be resolved with a presumption.

[SB 1346 by Senator Maria Elena Durazo \(D - Los Angeles\)](#) appears to be a reintroduction of last year's AB 1213 (Ortega, 2023), which was opposed by CCWC and ultimately vetoed by Governor Newsom. AB 1346 would require the payment of temporary disability outside the cap for the period between a UR denial and the IMR overturn of that UR denial. CCWC had tried to work on amendments with Assemblymember Ortega and the California Applicant Attorneys Association (CAAA), which was the sponsor of the bill, but could not come to a reasonable agreement. Fortunately, Governor Newsom realized that the bill missed the mark and vetoed the measure.

2024 - Just When You Thought the State Budget Deficit Couldn't Get Larger

By Paul Yoder

It's a Whopper

\$73 billion - that is the latest estimate of California's State Budget Deficit including the current year (23-24 and the upcoming year 24-25). As Jason Schmelzer notes in his legislative report, the increased estimate could have a dampening impact on certain workers' compensation related bills getting through this year (So, there's that...). Otherwise, it appears that after utilizing the state's reserves, some internal borrowing, and postponing prior year appropriations into 25-26, 26-27, and beyond, that cuts in myriad programs will be on the table later this summer.

Legislative Committees Set

As mentioned in the last issue, Senator Mike McGuire (D-Santa Rosa) was sworn in on February 5 as the new Senate pro Tempore. He wasted no time in announcing new committee chairs and rosters. While the Senate Labor, Public Employment and Retirement has a new Chair, the membership really hasn't changed. It is as follows: Senator Lola Smallwood-Cuevas (Chair; D-Los Angeles), Senator Scott Wilk (Vice-Chair; R-Santa Clarita), Senator Dave Cortese (D-San Jose), Senator Maria Elena Durazo (D-Los Angeles), and Senator John Laird (D-Santa Cruz).

Over in the Assembly, there is not only a new Chair, but more of a shake up in the committee membership than in the Senate. Assemblywoman Liz Ortega (D-San Leandro) now chairs the Assembly Labor and Employment Committee, and vice-chaired by Assemblyman Heath Flora (R-Modesto). The other members of the committee are Assemblyman Juan Alanis (R-Modesto), Assemblywoman Wendy Carillo (D-Los Angeles), Assemblyman Alex Lee (D-San Jose), Assemblyman Chris Ward (D-San Diego) and Assemblyman Rick Zbur (D-Los Angeles).

March Primary Tuesday, March 5

Please don't forget to vote! The presidential primary, U.S. Senate race, state senate and assembly races, local races, Proposition 1 - it all matters, so vote.

Another Important Date is June 12-14 at Disney

With everything going on - election year, state deficit, leadership shake up in the legislature, all the statewide ballot measures, and an avalanche of 2,124 newly proposed changes to California law - CCWC's *Legislative and Political Review* taking place at the 20th Annual Conference is one you will not want to miss. We'll be discussing where California is headed, the twists and turns of workers' compensation legislation in 2024, and what the rest of what a very interesting year may bring. If you haven't already, [register for the conference here](#).