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**THE SUBSEQUENT INJURY FUND**

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**Subsequent Injury Fund**

**FY 2023 Budget Hearing Testimony**

House Appropriations Committee  
Public Safety Administration Subcommittee  
120 House Office Building  
Annapolis, MD 21401  
January 26, 2022  
Delegate Tony Bridges, Subcommittee Chair

Senate Budget and Taxation Committee  
Public Safety, Transportation and Environment Subcommittee  
Miller Office Building  
Annapolis, MD 21401  
January 28, 2022  
Senator Cory McCray, Subcommittee Chair

The Subsequent Injury Fund is an independent agency, created under Section 802 of the Maryland Annotated Code. The Fund was created to encourage the hiring of workers with pre-existing disabilities by assuming financial responsibility for a permanent impairment due to an accident, disease or congenital condition that is, or is likely to be, a hindrance to employment when combined with the effects of a subsequent compensable job related accident, personal injury or occupational disease.

The Subsequent Injury Fund annual operating budget and benefit payments are funded by a 6.5% assessment on awards passed by the Maryland Workers' Compensation Commission against employers or insurers for employee job related injury(s) that result in permanent

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disability or death. Financial compensation paid by employers or insurers under settlement agreements are also subject to a Subsequent Injury Fund 6.5% assessment.

Fiscal year 2021 operating expenses were \$2,445,027. Fiscal year 2021 benefit payments were \$19,151,208.00. The SIF operating expense and benefit payment ratio was 12.8%.

The fiscal year 2021 Subsequent Injury Fund closing balance was \$108,272,785.37. This represents a one year 1.39% balance increase. The estimated FY 2022 closing balance is \$111,356,429.00.

In February 2021, a contractual employee was hired to address 3,472 accounts, totaling approximately \$5.2 million that were older 90 days.

As of December 2021, The SIF had collected \$3.9 million of the aged assessments. The SIF continues to pursue collection of the remaining 125 aged invoices.

Close monitoring of monthly assessment collections and benefit payments in relation to the SIF reserve balance continues.

The SIF agrees with the DLS analysis and FY 2023 budget recommendation.

Respectfully submitted,  
Edgar G. Dodd, III  
Director  
Subsequent Injury Fund

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**Agency Mission**

Pursuant to the enabling legislation in the Labor and Employment of the Maryland Annotated Code, Section 9-802, this agency exists to encourage the hiring of workers with pre-existing disabilities by assuming financial responsibility for the combined effects of a pre-existing disability and an accidental workplace injury.

The Subsequent Injury Fund (SIF) reviews and investigates workers' compensation claims that involve pre-existing health conditions that substantially increase the disability of injured workers. The liability of employers' insurers is limited to compensation for the damages caused by the current injury. The SIF incurs all additional liability from the combined effects of all pre-existing injuries, diseases and congenital conditions.

The SIF manages a non-budgeted fund from which workers' compensation benefits are paid to eligible Maryland workers. Fund revenues are exclusively derived from a 6.5% assessment on all workers' compensation permanent disability and settlement workers' awards paid by employers/insurers.