State of Wisconsin
2015 – 2016 LEGISLATURE

LRB–3672/1
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2015 SENATE BILL 456

December 18, 2015 – Introduced by Senators STROEBEL and KAPENGA, cosponsored by Representatives SPIROS, KNODL, STEFFEN, MURPHY, HUTTON, DUCHOW and KLEEFISCH. Referred to Committee on Insurance, Housing, and Trade.

AN ACT ***to renumber and amend*** 102.125, 102.18 (1) (b), 102.23 (1) (a), 102.28 (2) (c), 102.28 (7) (b) and 102.42 (2) (a); ***to amend*** 20.445 (1) (ra), 101.654 (2) (b), 102.01 (2) (d), 102.03 (1) (c) 3., 102.03 (4), 102.04 (1) (a), 102.04 (1) (b) 1., 102.04 (2m), 102.07 (1) (a), 102.07 (1) (b), 102.07 (3), 102.07 (7) (a), 102.07 (10), 102.12, 102.125 (title), 102.13 (2) (b), 102.13 (2) (c), 102.16 (2) (d), 102.17 (1) (a) 3., 102.17 (4), 102.18 (3), 102.18 (4) (b), 102.21, 102.23 (1) (c), 102.23 (1) (cm), 102.28 (2) (a), 102.28 (2) (b) (title), 102.28 (2) (c) (title), 102.28 (2) (d), 102.28 (7) (a), 102.29 (1) (b) 2., 102.31 (2) (b) 2., 102.315 (2), 102.42 (3), 102.425 (3) (b), 102.425 (4) (a), 102.425 (4) (b), 102.425 (4m) (b), 102.43 (5) (c), 102.43 (7) (c) 1., 102.43 (7) (c) 2., 102.44 (1) (ag), 102.44 (1) (am), 102.44 (1) (b), 102.44 (3), 102.44 (5) (intro.), 102.44 (5) (a), 102.44 (5) (c), 102.44 (5) (e), 102.58, 102.75 (1), 102.75 (4), 102.81 (1) (a), 108.10 (4) and 165.60; and ***to create*** 102.03 (6), 102.125 (2), 102.127, 102.16 (2) (dm), 102.18 (7), 102.28 (2) (bm), 102.28 (2) (c) 2., 102.28 (7) (bm), 102.42 (2) (a) 2., 102.425 (3) (am), 102.43 (9) (e), 102.44 (4m), 102.44 (5)

(h) and 102.44 (5m) of the statutes; **relating to:** various changes to the worker's compensation law, granting rule–making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill makes various changes to the worker's compensation law, as administered by the Department of Workforce Development (DWD) and the Division of Hearings and Appeal in the Department of Administration (DHA).

General coverage

Employers subject to worker's compensation law

Under current law, every person who *usually* employs three or more employees for services performed in this state is subject to the worker's compensation law. This bill provides that every person who *at any time* employs three or more employees for services performed in this state is subject to the worker's compensation law and specifies that a person becomes subject to that law on the day on which the person employs three or more employees for services performed in this state.

Employee misrepresentation of physical condition

Under current law, an employee who is injured while performing services growing out of and incidental to his or her employment may recover worker's compensation for the injury.

This bill bars recovery of worker's compensation by an injured employee if: 1) the employee knowingly and willfully made a false representation as to his or her physical condition in an employment application; 2) the employer relied on the false representation and that reliance was a substantial factor in the employer's decision to hire the employee; and 3) there was a causal connection between the false representation and the injury.

Worker's compensation denied by another state

Under current law, an employee who, while working outside the territorial limits of this state, suffers an injury on account of which the employee would have been entitled to worker's compensation under the laws of this state had the injury occurred in this state is entitled to worker's compensation under the laws of this state if: 1) the employee's employment is principally localized in this state; 2) the employee is working under a contract of hire made in this state in employment that is not principally localized in any state; 3) the employee is working under a contract made in this state in employment principally localized in another state whose worker's compensation law is not applicable to the employee's employer; 4) the employee is working under a contract of hire made in this state in employment outside the United States; or 5) the employee is a Wisconsin law enforcement officer acting under a mutual aid agreement with a law enforcement agency of an adjacent state.

This bill provides that if an employee who suffers an injury outside the territorial limits of this state files a claim for compensation under the laws of another

jurisdiction and that claim is denied on the merits by a final decision of that jurisdiction, the employee may not make a claim for compensation under the laws of this state for the same injury.

Employee wellness programs, events, or activities

Current law specifies that an employer is not liable for worker's compensation when an employee sustains an injury while engaging in a program, event, or activity designed to improve the employee's physical well–being, if participation in the program, event, or activity is voluntary and uncompensated.

This bill, in addition, requires the program, event, or activity to be outside the scope of the employee's employment duties.

Local governmental units

Under current law, each county, city, town, village, school district, sewer district, drainage district, long–term care district, and other public or quasi–public corporation (municipality) is liable for worker's compensation when an employee in the service of the municipality, whether elected, appointed, or under a contract of hire, is injured while performing services growing out of and incidental to his or her employment.

This bill changes the term "municipality" to "local governmental unit" for purposes of the worker's compensation law and redefines that term to mean a political subdivision of this state; a special purpose district or taxing jurisdiction in this state; an instrumentality, corporation, combination, or subunit of any of the foregoing; or any other public or quasi–public corporation. Under current law, cities, villages, towns, and counties are political subdivisions of this state; special purpose districts include school districts, sewer districts, drainage districts, long–term care districts, and other districts created for special purposes; and taxing jurisdictions are entities, not including the state, that are authorized by law to levy property taxes.

PAYMENT OF BENEFITS

Decreased compensation; employee negligence

Under current law, if an employee's injury is caused by the failure of the employee to use safety devices that are provided in accordance with any statute, rule, or order of the Department of Safety and Professional Services and that are adequately maintained, and the use of which is reasonably enforced by the employer, if injury results from the employee's failure to obey any reasonable rule adopted and reasonably enforced by the employer for the safety of the employee and of which the employee has notice, or if injury results from the intoxication of the employee by alcohol or use of a controlled substance, the amount of worker's compensation payable to the employee is reduced by 15 percent or by $15,000, whichever is less.

This bill provides that if an employee's injury is caused by such a failure to use safety devices, failure to obey a safety rule, or intoxication or by any other negligence attributable to the employee, the amount of worker's compensation payable to the employee is reduced in proportion to the amount of negligence attributable to the employee.

Reduction of benefits; other benefits payable

Social security old–age assistance. Current law provides that when an injured employee is receiving disability benefits under the federal Social Security Act, the amount of worker's compensation payable to the injured employee is reduced so that the total amount of worker's compensation benefits and social security disability benefits does not exceed 80 percent of the employee's average current earnings (social security offset). That reduction is allowed only as to social security disability benefit payments made beginning on July 1, 1980, that reduction may not take into account social security payments made to dependents of the employee, and that reduction may not be made on temporary disability benefits payable during a period in which the employee is receiving vocational rehabilitation services.

This bill, beginning on July 1, 2016, similarly applies the social security offset to an injured employee who is receiving old–age assistance benefits under the federal Social Security Act. The bill, however, provides that no reduction in worker's compensation benefits may be made if it is shown that, notwithstanding the receipt of such old–age assistance, the injured employee is available for work.

Worker's compensation laws of other states. The bill also permits an employer or insurer to reduce the amount of benefits payable to an injured employee under the worker's compensation law of this state by the amount of benefits paid or payable to the injured employee under the worker's compensation law of any other state for the same injury. That reduction is allowed only as to payments made under the worker's compensation law of another state made after the effective date of the bill, that reduction may not take into account payments made under the worker's compensation law of another state to dependents of the employee, and that reduction may not be made on temporary disability benefits payable during a period in which the employee is receiving vocational rehabilitation services.

Supplemental benefits

Under current law, an injured employee who is receiving the maximum weekly benefit in effect at the time of the injury for permanent total disability or continuous temporary total disability resulting from an injury that occurred before January 1, 2001, is entitled to receive supplemental benefits in an amount that, when added to the employee's regular benefits, equals $582. Those supplemental benefits are payable in the first instance by the employer or insurer, but the employer or insurer then is entitled to reimbursement for those supplemental benefits paid from the worker's compensation operations fund.

This bill makes an employee who is injured prior to January 1, 2003, eligible for those supplemental benefits beginning on the effective date of the bill and increases the maximum supplemental benefit amount for a week of disability occurring after the effective date of the bill to an amount that, when added to the employee's regular benefits, equals $615.

Statute of limitations; traumatic injuries

Under current law, subject to certain exceptions, an application for a hearing on a claim for worker's compensation that is not filed with DWD within 12 years from the date of injury or death or from the date that worker's compensation was last paid, whichever is later, is barred by the statute of limitations.

This bill reduces the statute of limitations for filing an application for a hearing on a worker's compensation claim for a traumatic injury to two years from the date of injury or death or from the date that worker's compensation was last paid, whichever is later.

Temporary disability

Exception for employee terminated for misconduct or substantial fault. Under current law, temporary disability benefits are payable during an employee's healing period, even thought the employee could return to a restricted type of work, unless: 1) suitable employment within the limitations of the employee is furnished by the employer or by some other employer; 2) the employee has been convicted of a crime, is incarcerated, and is not available to return to a restricted type of work during that period; 3) the employee is suspended or terminated from employment due to the employee's alleged commission of a crime, the circumstances of which substantially relate to the employment, and the employee is charged with the commission of that crime; or 4) the employee is suspended or terminated from employment due to the employee's violation of the employer's drug policy, if prior to the date of injury that policy was established in writing and regularly enforced by the employer.

This bill provides that an employer is not liable for temporary disability benefits during an employee's healing period when the employee is suspended or terminated from employment due to misconduct, as defined in the unemployment insurance law, or substantial fault, as defined in the unemployment insurance law, by the employee connected with the employee's work.

The unemployment insurance law defines "misconduct" as action or conduct evincing such willful or wanton disregard of an employer's interests as is found in: 1) deliberate violation or disregard of standards of behavior that an employer has a right to expect of his or her employees; or 2) carelessness or negligence of such degree or recurrence as to manifest culpability, wrongful intent, or evil design in disregard of the employer's interests or to show an intentional and substantial disregard of an employer's interests or of an employee's duties and obligations to his or her employer.

The unemployment insurance law defines "substantial fault" as acts or omissions of an employee over which the employee exercised reasonable control that violate reasonable requirements of the employee's employer, but not including minor infractions, inadvertent errors, or failure to perform work due to insufficient skill, ability, or equipment.

Renewed period of temporary disability; amount of compensation payable. Under current law, subject to certain exceptions, the amount of worker's compensation payable to an injured employee is determined in accordance with the rate of worker's compensation payable that is in effect as of the date of the injury. One of of those exceptions, however, provides that when an injured employee has a renewed period of temporary disability commencing more than two years after the date of injury and has returned to work for at least ten days preceding the renewed period of disability, worker's compensation payments for the new period of disability are at the rate in effect at the commencement of the new period of disability.

This bill eliminates that exception. As such, under the bill, when an injured employee has a renewed period of temporary disability commencing more than two years after the date of injury and has returned to work for at least ten days preceding the renewed period of disability, worker's compensation payments for the new period of disability are at the rate that is in effect as of the date of the injury.

Vocational rehabilitation. Under current law, an injured employee is entitled to receive compensation for temporary disability while the employee is receiving vocational rehabilitation services under the federal Rehabilitation Act of 1973. If, however, the injury causes only partial disability, the employee's weekly indemnity is the proportion of the weekly indemnity rate for total disability that the actual wage loss of the injured employee bears to the injured employee's average weekly wage at the time of injury, except that compensation for temporary disability on account of receiving vocational rehabilitation services shall not be reduced on account of any wages earned for the first 24 hours worked by an employee during a week in which the employee is receiving those services and only hours worked in excess of 24 during that week shall be offset against the employee's average weekly wage in calculating compensation for temporary disability. That exception, however, does not apply after April 30, 2014. This bill extends that exception to April 30, 2018.

Prescription drug treatment

Under current law, an employer or insurer is liable for providing medicines as may be reasonably required to cure and relieve an injured employee from the effects of an injury sustained while performing services growing out of and incidental to employment. Current law, however, limits the liability of an employer or insurer for the cost of a prescription drug dispensed for outpatient use by an injured employee to the average wholesale price of the prescription drug as quoted in the Drug Topics Red Book (average wholesale price).

This bill provides that if a prescription drug dispensed for outpatient use by an injured employee is a repackaged prescription drug, the liability of the employer or insurer for the cost of the repackaged prescription drug is limited to the average wholesale price of the prescription drug set by the original manufacturer of the prescription drug, except that if the National Drug Code number of the prescription drug as packaged by the original manufacturer cannot be determined from the billing statement submitted to the employer or insurer, that liability is limited to the average wholesale price of the lowest–priced drug product equivalent. The bill also provides that an employer or insurer is not liable for the cost of a repackaged prescription drug dispensed more than seven days after an employee's date of injury. Those limitations of liability, however, do not apply to a repackaged prescription drug dispensed from a retail, mail–order, or institutional pharmacy.

Permanent partial disability

Under current law, DWD has promulgated rules establishing minimum permanent partial disability ratings for certain amputation levels, losses of motion, sensory losses, or surgical procedures resulting from injuries for which permanent partial disability is claimed.

This bill requires those rules to provide that those minimum ratings for a surgical procedure do not apply if it is shown that after the procedure the injured employee suffers from no actual impairment as a result of his or her injury.

HEARINGS AND PROCEDURES

Notice of injury

Under current law, if an injured employee does not file an application for worker's compensation with DWD within two years after the date of injury or the date the employee knew or ought to have known of his or her disability and its relationship to employment, the injured employee's right to worker's compensation for the injury is barred, unless within that two–year period the employer knew or should have known of the injury.

This bill reduces that two–year period to one year.

Health care records in electronic format

Under current law, a physician, chiropractor, psychologist, podiatrist, dentist, physician assistant, advance practice nurse prescriber, hospital, or health service provider, upon request by an injured employee, employer, insurer, DWD, or DHA, must provide that person with any written material that is reasonably related to an injury for which the employee claims worker's compensation, upon payment of the actual cost of providing those materials, not to exceed the greater of 45 cents per page or $7.50 per request, plus the actual costs of postage.

This bill permits that material to be provided in electronic format upon payment of $26 per request.

Final practitioner's report

Under current law, if an injured employee has a period of temporary disability of more than three weeks or a permanent disability, has undergone surgery to treat an injury, other than surgery to correct a hernia, or sustains an eye injury requiring medical treatment on three or more occasions off the employer's premises, the employer or insurer must submit to DWD a final treating practitioner's report. Current law, however, prohibits DWD from requiring submission of that report when the employer or insurer denies the employee's claim for compensation and the employee does not contest that denial. This bill limits that prohibition to cases in which the employer or insurer denies the employee's claim for compensation *in its entirety.*

Prospective vocational rehabilitation training orders

Under current law, any party in interest may submit to DWD any controversy concerning worker's compensation and DHA, after hearing, must issue an order determining the rights of the parties regarding the controversy. Current law also permits DHA to issue interlocutory, *i.e.*, nonfinal, findings, orders, and awards, which may be enforced in the same manner as final awards. Current law specifically permits DHA to include in an interlocutory or final award or order an order directing the employer or insurer to pay for any future treatment that may be necessary to cure and relieve an injured employee from the effects of the employee's injury.

This bill permits DHA to include in an interlocutory or final award or order an order directing the employer or insurer to pay for a future course of instruction or

other rehabilitation training services provided under a rehabilitation training program.

Review of permanent partial disability awards

Under current law, a DHA hearing examiner's decision awarding or denying worker's compensation generally is final and may not be reopened after the time for reconsideration or appeal of the decision has passed. Current law, however, permits DHA, in cases of occupational disease, to review from time to time its findings, order, or award, and make new findings or a new order or award, based on the facts regarding disability as they may then appear.

This bill, in cases in which DHA makes a final award of worker's compensation based on a finding that the injured employee has incurred a permanent partial disability, requires DHA to order the injured employee to submit to a reexamination by a practitioner once every three years after the date of the award or order upon the written request of the employer or insurer. After such a reexamination, a party to the worker's compensation proceeding may file an application requesting DHA to review its findings on the issue of the level of the employee's disability. After that review, DHA may make new findings on that issue and order a new award based on the level of the employee's disability as it may then appear.

Administrative review of a worker's compensation decision

Under current law, a party to a worker's compensation proceeding may petition the Labor and Industry Review Commission (LIRC) for review of a DHA hearing examiner's decision awarding or denying worker's compensation (petition for review) if DHA, DWD, or LIRC receives the petition for review within 21 days after DHA or DWD mailed a copy of the examiner's findings and order to the petitioner's last–known address. Currently, LIRC must dismiss a petition for review that is not timely filed unless the petitioner shows probable good cause that the reason for failure to timely file the petition was beyond the petitioner's control. This bill requires a party to file a petition for review with LIRC, not DHA or DWD. The bill also requires LIRC to dismiss a petition for review that is not filed within those 21 days unless the petitioner shows that the petition was filed late for a reason that was beyond the petitioner's control.

Under current law, within 28 days after a decision of LIRC is mailed to the last–known address of each party to a worker's compensation proceeding, LIRC may, on its own motion, set aside the decision for further consideration. This bill permits LIRC to set aside a decision within 28 days after the date of the decision, not the date of its mailing.

Judicial review of a worker's compensation decision

Under current law, a party that is aggrieved by an order or award made by LIRC may commence an action against LIRC in circuit court for judicial review of the order or award (action for judicial review). Current law requires the adverse party to also be made a defendant in an action for judicial review. Recently, a concurring opinion in *Xcel Energy Services, Inc. v. LIRC*, 2013 WI 64, "unequivocally and firmly" recommended that the Council on Worker's Compensation propose legislative revisions to clarify who must be included as a party in an action for judicial review. *Id.* at p. 71. That concurring opinion further proposed that LIRC consider adopting

the practice of providing information with its order or award instructing the parties as to who is to be named as an adverse party in an action for judicial review. *Id.* at p. 73.

This bill requires LIRC to identify in an order or award the persons that must be made parties to an action for judicial review. The bill also requires the summons and complaint in the action to name those persons as defendants. In addition, the bill permits the circuit court to join as a party to the action any other person determined necessary for the proper resolution of the action, unless joinder of the person would unduly delay the resolution of the action.

PROGRAM ADMINISTRATION

Health service fee disputes

Under current law, if a health service provider, injured employee, insurer, or employer submits to DWD a dispute over the reasonableness of a health service fee charged for services provided to the injured employee, DWD must determine the reasonableness of the disputed fee by comparing the disputed fee to the mean fee for the procedure for which the disputed fee was charged, as shown by data from a database certified by DWD.

This bill provides that if an employer or insurer and a health care provider have agreed by contract to a fee for a health service procedure, DWD must determine that the disputed fee is reasonable and order that the disputed fee be paid, if the disputed fee is at or below the agreed–to fee in effect on the day on which the procedure was provided, and must determine that the disputed fee is unreasonable and order that the agreed–to fee be paid, if the disputed fee is above the agreed–to fee in effect on the day on which the procedure was provided.

Choice of practitioner

Current law requires the employer of an injured employee to offer the injured employee his or her choice of any practitioner licensed to practice in this state for treatment of the injury. Current law also permits an injured employee to have the choice of any qualified practitioner not licensed in this state, by mutual agreement between the injured employee and the employer.

This bill: 1) requires the employer of an injured employee who is covered under a health benefit plan provided by the employer to offer the injured employee his or her choice of any practitioner licensed to practice in this or any other state for treatment of the injury *as provided under the health benefit plan;* and 2) requires the employer of an injured employee who is not covered under a health benefit plan provided by the employer to offer the injured employee *the employer's* choice of any practitioner licensed to practice in this state or any other state for treatment of the injury in accordance with the employee's treatment plan. The bill specifies that in the case of an injured employee who is not covered under a health benefit plan provided by the employer, the employer may choose a particular practitioner to treat the injured employee, but may not choose the type of treatment to be provided or the type of practitioner to provide that treatment.

Investigation and prosecution of fraudulent activity

Under current law, if an insurer or self–insured employer has evidence that a worker's compensation claim is false or fraudulent and if the insurer or self–insurer is satisfied that reporting the claim will not impede its ability to defend the claim, the insurer or self–insured employer must report the claim to DWD. DWD may then require the insurer or self–insured employer to investigate the claim and report the results of the investigation to DWD. If, based on the investigation, DWD has a reasonable basis to believe that criminal insurance fraud has occurred, DWD must refer the matter to the district attorney for prosecution.

This bill permits DWD to request the Department of Justice (DOJ) to assist DWD in an investigation of a false or fraudulent worker's compensation claim of any other suspected fraudulent activity on the part of an employer, employee, insurer, health care provider, or other person related to worker's compensation. If, based on the investigation, DWD has a reasonable basis to believe that theft, forgery, fraud, or any other criminal violation has occurred, DWD must refer the matter to the district attorney *or* DOJ for prosecution.

Self–insured employers

Election by governmental employer to self–insure. Under current law, every employer that is subject to the worker's compensation law must carry worker's compensation insurance from an insurer that is authorized to do business in this state (duty to insure), except that DWD may exempt an employer from the duty to insure if the employer shows that it can self–insure its worker's compensation liability and if the employer agrees to report all compensable injuries and to comply with the worker's compensation law and the rules of DWD. DWD rules, however, permit the state or a local governmental unit to self–insure without further order of DWD.

This bill codifies those DWD rules into the statutes. Specifically, the bill permits the state or a local governmental unit that has independent taxing authority (governmental employer) to elect to self–insure its worker's compensation liability without further order of DWD if the governmental employer agrees to report all compensable injuries and to comply with the worker's compensation law and the rules of DWD. Under the bill, a local governmental unit that elects to self–insure its liability for the payment of worker's compensation must notify DWD of that election in writing before commencing to self–insure that liability, must notify DWD of its intent to continue to self–insure that liability every three years after that initial notice, and must notify DWD of its intent to withdraw that election not less than 30 days before the effective date of that withdrawal.

Revocation of governmental employer election to self–insure. Current law permits DWD, after seeking the advice of the Self–Insurer's Council, to revoke an exemption from the duty to insure if DWD finds that the employer's financial condition is inadequate to pay its employees' claims for compensation, that the employer has received an excessive number of claims for compensation, or that the employer has failed to discharge faithfully its obligations according to the agreement contained in the application for exemption.

This bill permits DWD to revoke an election by a governmental employer to self–insure its liability for worker's compensation, without seeking the advice of the Self–Insurer's Council, if DWD finds that the governmental employer's financial condition is inadequate to pay its employees' claims for compensation, that the governmental employer has received an excessive number of claims for compensation, or that the governmental employer has failed to discharge faithfully its obligations under the worker's compensation law and the rules of DWD. Under the bill, once such an election is revoked, the governmental employer whose election is revoked may not elect to self–insure its liability for the payment of worker's compensation unless at least three calendar years have elapsed since the revocation and DWD finds that the governmental employer's financial condition is adequate to pay its employees' claims for compensation, that the governmental employer has not received an excessive number of claims for compensation, and that the governmental employer has faithfully discharged its obligations under the worker's compensation law and the rules of DWD.

Self–insured employer assessments. Current law establishes a self–insured employers liability fund, consisting of assessments paid into the fund by self–insured employers, that is used to pay the worker's compensation liability of current or former self–insured employers that cannot pay that liability. Under current law, on issuance of an order exempting an employer from the duty to insure, the exempt employer must pay into the fund an amount that is equal to the amount assessed upon each other exempt employer (initial assessment). Subsequent assessments, however, are prorated on the basis of the gross payroll for this state of the exempt employer, as reported to DWD for the previous calendar year for purposes of unemployment insurance.

This bill requires an initial assessment, as well as subsequent assessments, for the self–insurer's fund to be prorated on the basis of the gross payroll for this state of the exempt employer, as reported to DWD for the previous calendar year for purposes of unemployment insurance.

The bill also removes governmental employers from the coverage of the self–insurer's fund. Specifically, the bill prohibits DWD from: 1) requiring a governmental employer that elects to self–insure its liability for the payment of worker's compensation to pay into the self–insurer's fund; and 2) making payments from that fund for the liability under the worker's compensation law of such an employer, whether currently or formerly exempt from the duty to insure.

Study of light–duty programs

Under current law, temporary disability benefits are payable for loss of earnings during a period when an injured employee could return to a restricted type of work during the employee's healing period, unless suitable employment that is within the physical and mental limitations of the employee is furnished to the employee by the employee's employer or by some other employer. Currently, if the employee's employer or some other employer makes a good faith offer of suitable employment that is within the physical and mental limitations of the employee and if the employee refuses without reasonable cause to accept the offer, the employee is

considered to have returned to work as of the date of the offer at the earnings the employee would have received but for the refusal.

This bill requires the secretary of workforce development to create a committee to study ways and means of encouraging employers to provide, and injured employees to participate in, light–duty programs under which injured employees who can return to restricted types of work during their healing periods are furnished with suitable employment that is within the physical and mental limitations of those employees. The study must include an examination of the types of physical and mental limitations that do not preclude a return to work during the healing period and the types of work that are suitable for injured employees who have those limitations. The committee must include representatives of employers, employees, worker's compensation insurers authorized to do business in this state, and DWD. Upon completion of the study, the committee must report its findings, conclusions, and recommendations to DWD and the Council on Worker's Compensation, after which the committee ceases to exist.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.445 (1) (ra) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

20.445 **(1)** (ra) *Worker's compensation operations fund; administration.* From the worker's compensation operations fund, the amounts in the schedule for the administration of the worker's compensation program by the department, <u>for assistance to the department of justice in investigating and prosecuting fraudulent activity related to worker's compensation,</u> for transfer to the uninsured employers fund under s. 102.81 (1) (c), and for transfer to the appropriation accounts under par. (rp) and s. 20.427 (1) (ra). All moneys received under ss. 102.28 (2) (b) and 102.75 shall be credited to this appropriation account. From this appropriation, an amount not to exceed $5,000 may be expended each fiscal year for payment of expenses for travel and research by the council on worker's compensation, an amount not to

exceed $500,000 may be transferred in each fiscal year to the uninsured employers fund under s. 102.81 (1) (c), the amount in the schedule under par. (rp) shall be transferred to the appropriation account under par. (rp), and the amount in the schedule under s. 20.427 (1) (ra) shall be transferred to the appropriation account under s. 20.427 (1) (ra).

SECTION 2. 101.654 (2) (b) of the statutes is amended to read:

101.654 **(2)** (b) If the applicant is required under s. 102.28 (2) (a) to have in force a policy of worker's compensation insurance or if the applicant is self–insured in accordance with s. 102.28 (2) (b) <u>or (bm)</u>, that the applicant has in force a policy of worker's compensation insurance issued by an insurer authorized to do business in this state or is self–insured in accordance with s. 102.28 (2) (b) <u>or (bm)</u>.

SECTION 3. 102.01 (2) (d) of the statutes is amended to read:

102.01 **(2)** (d) ~~"Municipality" includes a county, city, town, village, school district, sewer district, drainage district and long–term care district and~~ <u>"Local governmental unit" means a political subdivision of this state; a special purpose district or taxing jurisdiction, as defined in s. 70.114 (1) (f), in this state; an instrumentality, corporation, combination, or subunit of any of the foregoing; or any</u> other public or quasi–public ~~corporations~~ <u>corporation</u>.

SECTION 4. 102.03 (1) (c) 3. of the statutes is amended to read:

102.03 **(1)** (c) 3. An employee is not performing service growing out of and incidental to his or her employment while going to or from employment in a private or group or employer–sponsored car pool, van pool, commuter bus service, or other ride–sharing program in which the employee participates voluntarily and the sole purpose of which is the mass transportation of employees to and from employment. An employee is not performing service growing out of and incidental to employment

while engaging in a program, event, or activity designed to improve the physical well–being of the employee, whether or not the program, event, or activity is located on the employer's premises, if participation in the program, event, or activity is voluntary ~~and~~, the employee receives no compensation for participation, and the program, event, or activity is outside the scope of the employee's employment.

SECTION 5. 102.03 (4) of the statutes is amended to read:

102.03 **(4)** The right to compensation and the amount of the compensation shall in all cases be determined in accordance with the provisions of law in effect as of the date of the injury except as to employees whose rate of compensation is changed as provided in ~~ss. 102.43 (7) or~~ s. 102.44 (1) or (5) or, before May 1, ~~2014~~ 2018, as provided in s. 102.43 (5) (c) and employees who are eligible to receive private rehabilitative counseling and rehabilitative training under s. 102.61 (1m) and except as provided in s. 102.555 (12) (b).

SECTION 6. 102.03 (6) of the statutes is created to read:

102.03 **(6)** If an employee who suffers an injury outside the territorial limits of this state files a claim for compensation under the laws of another jurisdiction and that claim is denied on the merits by a final decision of that jurisdiction, the employee may not make a claim for compensation under the laws of this state for the same injury.

SECTION 7. 102.04 (1) (a) of the statutes is amended to read:

102.04 **(1)** (a) The state~~,~~ and each ~~county, city, town, village, school district, sewer district, drainage district, long–term care district and other public or quasi–public corporations therein~~ local governmental unit in this state.

SECTION 8. 102.04 (1) (b) 1. of the statutes is amended to read:

102.04 **(1)** (b) 1. Every person who ~~usually~~ at any time employs 3 or more employees for services performed in this state, whether in one or more trades, businesses, professions, or occupations, and whether in one or more locations. A person who employs 3 or more employees for services performed in this state becomes subject to this chapter on the day on which the person employs 3 or more such employees.

SECTION 9. 102.04 (2m) of the statutes is amended to read:

102.04 **(2m)** A temporary help agency is the employer of an employee whom the temporary help agency has placed with or leased to another employer that compensates the temporary help agency for the employee's services. A temporary help agency is liable under s. 102.03 for all compensation and other payments payable under this chapter to or with respect to that employee, including any payments required under s. 102.16 (3), 102.18 (1) (b) 3. or (bp), 102.22 (1), 102.35 (3), 102.57, or 102.60. Except as permitted under s. 102.29, a temporary help agency may not seek or receive reimbursement from another employer for any payments made as a result of that liability.

SECTION 10. 102.07 (1) (a) of the statutes is amended to read:

102.07 **(1)** (a) Every person, including all officials, in the service of the state, or of any ~~municipality therein~~ local governmental unit in this state, whether elected or under any appointment~~,~~ or contract of hire, express or implied, and whether a resident of the state or employed or injured within or without the state. The state ~~and~~ or any ~~municipality~~ local governmental unit may require a bond from a contractor to protect the state or ~~municipality~~ local governmental unit against compensation to employees of ~~such~~ the contractor or to employees of a subcontractor under the contractor. This paragraph does not apply beginning on the first day of the

first July beginning after the day that the secretary files the certificate under s. 102.80 (3) (a), except that if the secretary files the certificate under s. 102.80 (3) (ag) this paragraph does apply to claims for compensation filed on or after the date specified in that certificate.

SECTION 11. 102.07 (1) (b) of the statutes is amended to read:

102.07 **(1)** (b) Every person, including all officials, in the service of the state, or of any ~~municipality therein~~ local governmental unit in this state, whether elected or under any appointment~~,~~ or contract of hire, express or implied, and whether a resident of the state or employed or injured within or without the state. This paragraph first applies on the first day of the first July beginning after the day that the secretary files the certificate under s. 102.80 (3) (a), except that if the secretary files the certificate under s. 102.80 (3) (ag) this paragraph does apply to claims for compensation filed on or after the date specified in that certificate.

SECTION 12. 102.07 (3) of the statutes is amended to read:

102.07 **(3)** Nothing ~~herein contained shall prevent municipalities~~ in this chapter prevents a local governmental unit from paying ~~teachers, police officers, fire fighters and other employees~~ a teacher, police officer, fire fighter, or any other employee his or her full ~~salaries~~ salary during a period of disability, nor ~~interfere~~ interferes with any pension ~~funds~~ fund, nor ~~prevent~~ prevents payment to ~~teachers, police officers or fire fighters therefrom~~ a teacher, police officer, fire fighter, or any other employee from a pension fund.

SECTION 13. 102.07 (7) (a) of the statutes is amended to read:

102.07 **(7)** (a) Every member of a volunteer fire company or fire department organized under ch. 213, a legally organized rescue squad, or a legally organized diving team is considered to be an employee of that company, department, squad, or

team. Every member of a company, department, squad, or team described in this paragraph, while serving as an auxiliary police officer at an emergency, is also considered to be an employee of that company, department, squad, or team. If a company, department, squad, or team described in this paragraph has not insured its liability for compensation to its employees, the ~~municipality or county~~ political subdivision within which that company, department, squad, or team was organized shall be liable for that compensation.

SECTION 14. 102.07 (10) of the statutes is amended to read:

102.07 **(10)** Further to effectuate the policy of the state that the benefits of this chapter shall extend and be granted to employees in the service of the state, or of any ~~municipality therein~~ local governmental unit in this state, on the same basis, in the same manner, under the same conditions, and with like right of recovery as in the case of employees of persons, firms, or private corporations, any question whether any person is an employee under this chapter shall be governed by and determined under the same standards, considerations, and rules of decision in all cases under subs. (1) to (9). Any ~~statutes, ordinances, or administrative regulations which~~ statute, ordinance, or rule that may be otherwise applicable to the classes of employees enumerated in sub. (1) shall not be controlling in deciding whether any person is an employee for the purposes of this chapter.

SECTION 15. 102.12 of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.12 Notice of injury, exception, laches. No claim for compensation may be maintained unless, within 30 days after the occurrence of the injury or within 30 days after the employee knew or ought to have known the nature of his or her disability and its relation to the employment, whichever is later, actual notice was

received by the employer or by an officer, manager or designated representative of an employer. If no representative has been designated by posters placed in one or more conspicuous places where notices to employees are customarily posted, then notice received by any superior is sufficient. Absence of notice does not bar recovery if it is found that the employer was not misled by that absence. Regardless of whether notice was received, if no payment of compensation, other than medical treatment or burial expense, is made, and if no application is filed with the department within ~~2 years~~ one year after the date of the injury or death or the date the employee or his or her dependent knew or ought to have known the nature of the disability and its relation to the employment, whichever is later, the right to compensation for the injury or death is barred, except that the right to compensation is not barred if the employer knew or should have known, within the ~~2–year~~ one–year period, that the employee had sustained the injury on which the claim is based. Issuance of notice of a hearing on the motion of the department or the division has the same effect for the purposes of this section as the filing of an application. This section does not affect any claim barred under s. 102.17 (4).

SECTION 16. 102.125 (title) of the statutes is amended to read:

102.125 (title) **~~Fraudulent claims~~ Fraud reporting ~~and~~, investigation, and prosecution.**

SECTION 17. 102.125 of the statutes is renumbered 102.125 (1) and amended to read:

102.125 **(1)** FRAUDULENT CLAIMS REPORTING AND INVESTIGATION. If an insurer or self–insured employer has evidence that a claim is false or fraudulent in violation of s. 943.395 and if the insurer or self–insured employer is satisfied that reporting the claim to the department will not impede its ability to defend the claim, the insurer

or self–insured employer shall report the claim to the department. The department may require an insurer or self–insured employer to investigate an allegedly false or fraudulent claim and may provide the insurer or self–insured employer with any records of the department relating to that claim. An insurer or self–insured employer that investigates a claim under this ~~section~~ subsection shall report on the results of that investigation to the department.

(3) PROSECUTION. If based on ~~the~~ an investigation under sub. (1) or (2) the department has a reasonable basis to believe that a violation of s. 943.20, 943.38, 943.39, 943.392, 943.395, 943.40, or any other criminal law has occurred, the department shall refer the results of the investigation to the department of justice or to the district attorney of the county in which the alleged violation occurred for prosecution.

SECTION 18. 102.125 (2) of the statutes is created to read:

102.125 **(2)** ASSISTANCE BY DEPARTMENT OF JUSTICE. The department of workforce development may request the department of justice to assist the department of workforce development in an investigation under sub. (1) or in the investigation of any other suspected fraudulent activity on the part of an employer, employee, insurer, health care provider, or other person related to worker's compensation.

SECTION 19. 102.127 of the statutes is created to read:

102.127 False representations on employment applications. A false representation as to an employee's physical condition made by the employee in an employment application bars the recovery of all compensation payable under this chapter for an injury to the employee if all of the following apply:

(1) The employee knowingly and willfully made the false representation.

(2) The employer relied on the false representation and that reliance was a substantial factor in the employer's decision to hire the employee.

(3) There was a causal connection between the false representation and the injury.

SECTION 20. 102.13 (2) (b) of the statutes is amended to read:

102.13 **(2)** (b) A physician, chiropractor, podiatrist, psychologist, dentist, physician assistant, advanced practice nurse prescriber, hospital, or health service provider shall furnish a legible, certified duplicate of the written material requested under par. (a) <u>in paper format</u> upon payment of the actual costs of preparing the certified duplicate, not to exceed the greater of 45 cents per page or $7.50 per request, plus the actual costs of postage<u>, or shall furnish a legible, certified duplicate of that material in electronic format upon payment of $26 per request</u>. Any person who refuses to provide certified duplicates of written material in the person's custody that is requested under par. (a) shall be liable for reasonable and necessary costs and, notwithstanding s. 814.04 (1), reasonable attorney fees incurred in enforcing the requester's right to the duplicates under par. (a).

SECTION 21. 102.13 (2) (c) of the statutes is amended to read:

102.13 **(2)** (c) Except as provided in this paragraph, if an injured employee has a period of temporary disability that exceeds 3 weeks or a permanent disability, if the injured employee has undergone surgery to treat his or her injury, other than surgery to correct a hernia, or if the injured employee sustained an eye injury requiring medical treatment on 3 or more occasions off the employer's premises, the department may by rule require the insurer or self–insured employer to submit to the department a final report of the employee's treating practitioner. The department may not require an insurer or self–insured employer to submit to the

department a final report of an employee's treating practitioner when the insurer or self–insured employer denies the employee's claim for compensation in its entirety and the employee does not contest that denial. A treating practitioner may charge a reasonable fee for the completion of the final report, but may not require prepayment of that fee. An insurer or self–insured employer that disputes the reasonableness of a fee charged for the completion of a treatment practitioner's final report may submit that dispute to the department for resolution under s. 102.16 (2).

SECTION 22. 102.16 (2) (d) of the statutes is amended to read:

102.16 **(2)** (d) The department shall analyze the information provided to the department under par. (c) according to the criteria provided in this paragraph to determine the reasonableness of the disputed fee. Except as provided in 2011 Wisconsin Act 183, section 30 (2) (b), the department, subject to par. (dm), shall determine that a disputed fee is reasonable and order that the disputed fee be paid if that fee is at or below the mean fee for the health service procedure for which the disputed fee was charged, plus 1.2 standard deviations from that mean, as shown by data from a database that is certified by the department under par. (h). Except as provided in 2011 Wisconsin Act 183, section 30 (2) (b), the department, subject to par. (dm), shall determine that a disputed fee is unreasonable and order that a reasonable fee be paid if the disputed fee is above the mean fee for the health service procedure for which the disputed fee was charged, plus 1.2 standard deviations from that mean, as shown by data from a database that is certified by the department under par. (h), unless the health service provider proves to the satisfaction of the department that a higher fee is justified because the service provided in the disputed case was more difficult or more complicated to provide than in the usual case.

SECTION 23. 102.16 (2) (dm) of the statutes is created to read:

102.16 **(2)** (dm) Notwithstanding par. (d) and 2011 Wisconsin Act 183, section 30 (2) (b), if an employer or insurer and a health care provider have agreed by contract to a fee for a health service procedure, all of the following apply:

1. If a disputed fee charged for that procedure is at or below the agreed–to fee in effect on the day on which the procedure was provided, the department shall determine that the disputed fee is reasonable and order that the disputed fee be paid.

2. If a disputed fee charged for that procedure is above the agreed–to fee in effect on the day on which the procedure was provided, the department shall determine that the disputed fee is unreasonable and order that the agreed–to fee be paid.

SECTION 24. 102.17 (1) (a) 3. of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.17 **(1)** (a) 3. If a party in interest claims that the employer or insurer has acted with malice or bad faith as described in s. 102.18 (1) (b) 3. or (bp), that party shall provide written notice stating with reasonable specificity the basis for the claim to the employer, the insurer, the department, and the division before the division schedules a hearing on the claim of malice or bad faith.

SECTION 25. 102.17 (4) of the statutes is amended to read:

102.17 **(4)** Except as provided in this subsection and s. 102.555 (12) (b), in the case of occupational disease, the right of an employee, the employee's legal representative, or a dependent to proceed under this section shall not extend beyond 12 years after the date of the injury or death or after the date that compensation, other than for treatment or burial expenses, was last paid, or would have been last payable if no advancement were made, whichever date is latest, and in the case of traumatic injury, that right shall not extend beyond 2 years after that date. In the

case of occupational disease; a traumatic injury resulting in the loss or total impairment of a hand or any part of the rest of the arm proximal to the hand or of a foot or any part of the rest of the leg proximal to the foot, any loss of vision, or any permanent brain injury; or a traumatic injury causing the need for an artificial spinal disc or a total or partial knee or hip replacement, there shall be no statute of limitations, except that benefits or treatment expense for an occupational disease becoming due 12 years after the date of injury or death or last payment of compensation, other than for treatment or burial expenses, shall be paid from the work injury supplemental benefit fund under s. 102.65 and in the manner provided in s. 102.66 and benefits or treatment expense for such a traumatic injury becoming due 12 years after that date shall be paid from that fund and in that manner if the date of injury or death or last payment of compensation, other than for treatment or burial expenses, is before April 1, 2006. Payment of wages by the employer during disability or absence from work to obtain treatment shall be considered payment of compensation for the purpose of this section if the employer knew of the employee's condition and its alleged relation to the employment.

SECTION 26. 102.18 (1) (b) of the statutes, as affected by 2015 Wisconsin Act 55, is renumbered 102.18 (1) (b) 1. and amended to read:

102.18 **(1)** (b) 1. Within 90 days after the final hearing and close of the record, the division shall make and file its findings upon the ultimate facts involved in the controversy, and its order, which shall state the division's determination as to the rights of the parties. Pending the final determination of any controversy before it, the division, after any hearing, may, in its discretion, make interlocutory findings, orders, and awards, which may be enforced in the same manner as final awards.

2. The division may include in any interlocutory or final award or order an order directing the employer or insurer to pay for any future treatment that may be necessary to cure and relieve the employee from the effects of the injury or to pay for a future course of instruction or other rehabilitation training services provided under a rehabilitation training program developed under s. 102.16 (1) or (1m).

3. If the division finds that the employer or insurer has not paid any amount that the employer or insurer was directed to pay in any interlocutory order or award and that the nonpayment was not in good faith, the division may include in its final award a penalty not exceeding 25 percent of each amount that was not paid as directed.

4. When there is a finding that the employee is in fact suffering from an occupational disease caused by the employment of the employer against whom the application is filed, a final award dismissing the application upon the ground that the applicant has suffered no disability from the disease shall not bar any claim the employee may have for disability sustained after the date of the award.

SECTION 27. 102.18 (3) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.18 **(3)** A party in interest may petition the commission for review of an examiner's decision awarding or denying compensation if ~~the department, the division, or~~ the commission receives the petition within 21 days after the department or the division mailed a copy of the examiner's findings and order to the last–known addresses of the parties in interest. The commission shall dismiss a petition that is not ~~timely~~ filed within those 21 days unless the petitioner shows ~~probable good cause~~ that the petition was filed late for a reason ~~for failure to timely file~~ that was beyond the petitioner's control. If no petition is filed within those 21 days ~~after the date on~~

~~which a copy of the findings or order of the examiner is mailed to the last–known addresses of the parties in interest~~, the findings or order shall be considered final unless set aside, reversed, or modified by the examiner within that time. If the findings or order are set aside by the examiner, the status shall be the same as prior to the setting aside of the findings or order. If the findings or order are reversed or modified by the examiner, the time for filing a petition commences on the date on which notice of the reversal or modification is mailed to the last–known addresses of the parties in interest. The commission shall either affirm, reverse, set aside, or modify the findings or order, in whole or in part, or direct the taking of additional evidence. The commission's action shall be based on a review of the evidence submitted.

SECTION 28. 102.18 (4) (b) of the statutes is amended to read:

102.18 **(4)** (b) Within 28 days after the date of a decision of the commission ~~is mailed to the last–known address of each party in interest~~, the commission may, on its own motion, set aside the decision for further consideration.

SECTION 29. 102.18 (7) of the statutes is created to read:

102.18 **(7)** In cases in which the division makes a final award of compensation based on a finding that the injured employee has incurred a permanent partial disability, the division shall order the injured employee to submit to a reexamination under s. 102.13 (1) (a) once every 3 years after the date of the award or order upon the written request of the employer or insurer. After such a reexamination, a party in interest may file an application requesting the division to review its findings on the issue of the level of the employee's disability. After that review, the division may make new findings on that issue and order a new award based on the level of the

employee's disability as it may then appear. This subsection shall not affect the application of the limitation in s. 102.17 (4).

SECTION 30. 102.21 of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.21 Payment of awards by municipalities. ~~Whenever~~ When an award is made under this chapter or s. 66.191, 1981 stats., against any ~~municipality~~ local governmental unit, the person in whose favor the award is made shall file a certified copy of the award with the ~~municipal~~ clerk of the local governmental unit. Unless an appeal is taken, within 20 days after that filing, the ~~municipal~~ clerk shall draw an order on the ~~municipal~~ treasurer of the local governmental unit for the payment of the award. If upon appeal the award is affirmed in whole or in part, the ~~municipal~~ clerk shall draw an order for payment of the award within 10 days after a certified copy of the judgment affirming the award is filed with that clerk. If the award or judgment provides for more than one payment, the ~~municipal~~ clerk shall draw orders for payment as the payments become due. No statute relating to the filing of claims against, or the auditing, allowing, and payment of claims by, a ~~municipality~~ local governmental unit applies to the payment of an award or judgment under this section.

SECTION 31. 102.23 (1) (a) of the statutes, as affected by 2015 Wisconsin Act 55, is renumbered 102.23 (1) (a) 1. and amended to read:

102.23 **(1)** (a) 1. The findings of fact made by the commission acting within its powers shall, in the absence of fraud, be conclusive. The order or award granting or denying compensation, either interlocutory or final, whether judgment has been rendered on the order or award or not, is subject to review only as provided in this section and not under ch. 227 or s. 801.02. The commission shall identify in the order

or award the persons that must be made parties to an action for review of the order or award.

2. Within 30 days after the date of an order or award made by the commission ~~either originally or after the filing of a petition for review with the department, the division, or the commission under s. 102.18~~, any party aggrieved by the order or award may commence an action in circuit court for review of the order or award by serving a complaint as provided in par. (b) and filing the summons and complaint with the clerk of the circuit court ~~commence, in circuit court, an action against the commission for the review of the order or award, in which action the adverse party shall also be made a defendant~~. The summons and complaint shall name the party commencing the action as the plaintiff and shall name as defendants the commission and all persons identified by the commission under subd. 1. If the circuit court determines that any other person is necessary for the proper resolution of the action, the circuit court may join that person as a party to the action, unless joinder of the person would unduly delay the resolution of the action. If the circuit court is satisfied that a party in interest has been prejudiced because of an exceptional delay in the receipt of a copy of any finding or order, the circuit court may extend the time ~~in~~ within which an action may be commenced by an additional 30 days.

3. The proceedings shall be in the circuit court of the county where the plaintiff resides, except that if the plaintiff is a state agency, the proceedings shall be in the circuit court of the county where the defendant resides. The proceedings may be brought in any circuit court if all parties stipulate and that court agrees.

SECTION 32. 102.23 (1) (c) of the statutes is amended to read:

102.23 **(1)** (c) ~~Except as provided in par. (cm), the~~ The commission shall serve its answer within 20 days after the service of the complaint~~, and, within the like time,~~

~~the adverse party~~. Except as provided in par. (cm), any other defendant may serve an answer to the complaint within 20 days after the service of the complaint, which answer may, by way of counterclaim or cross complaint, ask for the review of the order or award referred to in the complaint, with the same effect as if the ~~party~~ defendant had commenced a separate action for the review ~~thereof~~ of the order or award.

SECTION 33. 102.23 (1) (cm) of the statutes is amended to read:

102.23 **(1)** (cm) If ~~an adverse party to the proceeding~~ a defendant in an action brought under par. (a) is an insurance company, the insurance company may serve an answer to the complaint within 45 days after the service of the complaint.

SECTION 34. 102.28 (2) (a) of the statutes is amended to read:

102.28 **(2)** (a) *Duty to insure payment for compensation.* Unless exempted ~~by the department~~ under par. (b) or (bm) or sub. (3), every employer, as described in s. 102.04 (1), shall insure payment for ~~that~~ compensation under this chapter in an insurer authorized to do business in this state. A joint venture may elect to be an employer under this chapter and obtain insurance for payment of compensation. If a joint venture that is subject to this chapter only because the joint venture elected to be an employer under this chapter is dissolved and cancels or terminates its contract for the insurance of compensation under this chapter, that joint venture is deemed to have effected withdrawal, which shall be effective on the day after the contract is canceled or terminated.

SECTION 35. 102.28 (2) (b) (title) of the statutes is amended to read:

102.28 **(2)** (b) (title) *Exemption from duty to insure; employers generally.*

SECTION 36. 102.28 (2) (bm) of the statutes is created to read:

102.28 **(2)** (bm) *Exemption from duty to insure; governmental employers.* 1. Subject to subds. 2. to 4., if the state or a local governmental unit that has independent taxing authority is not partially insured or fully insured for its liability for the payment of compensation under this chapter, or to the extent that the state or a local governmental unit that has independent taxing authority is not partially insured for that liability under one or more contracts issued with the consent of the department under s. 102.31 (1) (b), and if the state or local governmental unit agrees to report faithfully all compensable injuries and to comply with this chapter and all rules of the department, the state or local governmental unit may elect to self–insure that liability without further order of the department.

2. Notwithstanding the absence of an order of exemption from the duty to insure under par. (a), the state or a local governmental unit that elects to self–insure as provided in subd. 1. is exempt from that duty. Notwithstanding that exemption, if the state or a local governmental unit that elects to self–insure as provided in subd. 1. desires partial insurance or divided insurance, the state or local governmental unit shall obtain the consent of the department under s. 102.31 (1) (b) to the issuance of a contract providing such insurance.

3. a. A local governmental unit that elects to self–insure its liability for the payment of compensation under this chapter shall notify the department of that election in writing before commencing to self–insure that liability and shall notify the department of its intent to continue to self–insure that liability every 3 years after that initial notice. A local government unit that wishes to withdraw that election shall notify the department of that withdrawal not less than 30 days before the effective date of that withdrawal.

b. A notice under subd. 3. a. shall be accompanied by a resolution adopted by the governing body of the local governmental unit and signed by the elected or appointed chief executive of the local governmental unit stating that the governing body intends and agrees to self–insure the liability of the local governmental unit for the payment of compensation under this chapter and that the local government unit agrees to report faithfully all compensable injuries and to comply with this chapter and all rules of the department.

4. An election to self–insure under subd. 1. is subject to revocation under par. (c) 2. Once such an election is revoked, the employer whose election is revoked may not elect to self–insure its liability for the payment of compensation under this chapter unless at least 3 calendar years have elapsed since the revocation and the department finds that the employer's financial condition is adequate to pay its employees' claims for compensation, that the employer has not received an excessive number of claims for compensation, and that the employer has faithfully discharged its obligations under this chapter and the rules of the department.

SECTION 37. 102.28 (2) (c) (title) of the statutes is amended to read:

102.28 **(2)** (c) (title) *Revocation of exemption* <u>*or election*</u>.

SECTION 38. 102.28 (2) (c) of the statutes is renumbered 102.28 (2) (c) 1. and amended to read:

102.28 **(2)** (c) 1. The department, after seeking the advice of the self–insurers council, may revoke an exemption granted to an employer under par. (b), upon giving the employer 10 days' written notice, if the department finds that the employer's financial condition is inadequate to pay its employees' claims for compensation, that the employer has received an excessive number of claims for compensation, or that

the employer has failed to discharge faithfully its obligations according to the agreement contained in the application for exemption. ~~The employer may, within~~

3. Within 10 days after receipt of ~~the~~ a notice of revocation~~,~~ under subd. 1. or 2., the employer may request in writing a review of the revocation by the secretary or the secretary's designee and the secretary or the secretary's designee shall review the revocation within 30 days after receipt of the request for review. If the employer is aggrieved by the determination of the secretary or the secretary's designee, the employer may, within 10 days after receipt of notice of that determination, request a hearing under s. 102.17. If the secretary or the secretary's designee determines that the employer's exemption or election should be revoked, the employer shall obtain insurance coverage as required under par. (a) immediately upon receipt of notice of that determination and, notwithstanding the pendency of proceedings under ss. 102.17 to 102.25, shall keep that coverage in force until another exemption under par. (b) is granted or another election under par. (bm) is made.

SECTION 39. 102.28 (2) (c) 2. of the statutes is created to read:

102.28 **(2)** (c) 2. The department may revoke an election made by an employer under par. (bm), upon giving the employer 10 days' written notice, if the department finds that the employer's financial condition is inadequate to pay its employees' claims for compensation, that the employer has received an excessive number of claims for compensation, or that the employer has failed to discharge faithfully its obligations under this chapter and the rules of the department.

SECTION 40. 102.28 (2) (d) of the statutes is amended to read:

102.28 **(2)** (d) *Effect of insuring with unauthorized insurer.* ~~An employer who procures an exemption under par. (b) and thereafter~~ If an employer that is exempted under par. (b) or (bm) from the duty to insure under par. (a) enters into any agreement

for excess insurance coverage with an insurer not authorized to do business in this state, the employer shall report that agreement to the department immediately. The placing of such coverage shall not by itself be grounds for revocation of the exemption.

SECTION 41. 102.28 (7) (a) of the statutes is amended to read:

102.28 **(7)** (a) If an employer who is currently or was formerly exempted by written order of the department under sub. (2) (b) is unable to pay an award, judgment is rendered in accordance with s. 102.20 against that employer, and execution is levied and returned unsatisfied in whole or in part, payments for the employer's liability shall be made from the fund established under sub. (8). If a currently or formerly exempted employer files for bankruptcy and not less than 60 days after that filing the department has reason to believe that compensation payments due are not being paid, the department in its discretion may make payment for the employer's liability from the fund established under sub. (8). The secretary of administration shall proceed to recover ~~such~~ those payments from the employer or the employer's receiver or trustee in bankruptcy, and may commence an action or proceeding or file a claim ~~therefor~~ for those payments. The attorney general shall appear on behalf of the secretary of administration in any such action or proceeding. All moneys recovered in any such action or proceeding shall be paid into the fund established under sub. (8).

SECTION 42. 102.28 (7) (b) of the statutes is renumbered 102.28 (7) (b) 1. and amended to read:

102.28 **(7)** (b) 1. Each employer exempted by written order of the department under sub. (2) (b) shall pay into the fund established by sub. (8) ~~a sum equal to that assessed against each of the other such exempt employers upon the issuance of an initial order. The order~~ an initial assessment based on orders of the department as

provided in subd. 2. An order of the department requiring exempt employers to pay into that fund shall provide for ~~a sum~~ an amount that is sufficient to secure estimated payments of ~~the~~ an insolvent exempt employer due for the period up to the date of the order and for one year following the date of the order and to pay the estimated cost of insurance carrier or insurance service organization services under par. (c). Payments ordered to be made to the fund shall be paid to the department within 30 days after the date of the order. If additional moneys are required, further assessments shall be made based on orders of the department ~~with~~ as provided under subd. 2.

2. An initial or further assessment under subd. 1. shall be prorated on the basis of the gross payroll for this state of the exempt employer~~,~~ as reported to the department for the previous calendar year for unemployment insurance purposes under ch. 108~~. If the~~ or, if an exempt employer is not covered under ch. 108, ~~then the department shall determine~~ on the basis of the comparable gross payroll for the exempt employer as determined by the department. If payment of any assessment made under ~~this subsection~~ subd. 1. is not made within 30 days ~~of~~ after the date of the order of the department, the attorney general may appear on behalf of the state to collect the assessment.

SECTION 43. 102.28 (7) (bm) of the statutes is created to read:

102.28 **(7)** (bm) The department may not do any of the following:

1. Require an employer that elects under sub. (2) (bm) to self–insure its liability for the payment of compensation under this chapter to pay into the fund established under sub. (8).

2. Make any payments from the fund established under sub. (8) for the liability under this chapter of an employer that elects under sub. (2) (bm) to self–insure its

liability for the payment of compensation under this chapter, whether currently or formerly exempt from the duty to insure under sub. (2) (a).

SECTION 44. 102.29 (1) (b) 2. of the statutes is amended to read:

102.29 **(1)** (b) 2. Out of the balance remaining after the deduction and payment specified in subd. 1., the employer, the insurance carrier, or, if applicable, the uninsured employers fund or the work injury supplemental benefit fund shall be reimbursed for all payments made by the employer, insurance carrier, or department, or which the employer, insurance carrier, or department may be obligated to make in the future, under this chapter, except that the employer, insurance carrier, or department shall not be reimbursed for any payments made or to be made under s. 102.18 (1) (b) 3. or (bp), 102.22, 102.35 (3), 102.57, or 102.60.

SECTION 45. 102.31 (2) (b) 2. of the statutes is amended to read:

102.31 **(2)** (b) 2. Regardless of whether the notices required under par. (a) have been given, a cancellation or termination is effective upon the effective date of replacement insurance coverage obtained by the employer ~~or~~, of an order under s. 102.28 (2) (b) exempting the employer from ~~carrying~~ the duty to carry insurance under s. 102.28 (2) (a), or of an election by an employer under s. 102.28 (2) (bm) to self–insure its liability for the payment of compensation under this chapter.

SECTION 46. 102.315 (2) of the statutes is amended to read:

102.315 **(2)** EMPLOYEE LEASING COMPANY LIABLE. An employee leasing company is liable under s. 102.03 for all compensation payable under this chapter to a leased employee, including any payments required under s. 102.16 (3), 102.18 (1) (b) 3. or (bp), 102.22 (1), 102.35 (3), 102.57, or 102.60. Except as permitted under s. 102.29, an employee leasing company may not seek or receive reimbursement from another employer for any payments made as a result of that liability. An employee leasing

company is not liable under s. 102.03 for any compensation payable under this chapter to an employee of a client who is not a leased employee.

SECTION 47. 102.42 (2) (a) of the statutes is renumbered 102.42 (2) (a) 1. and amended to read:

102.42 **(2)** (a) 1. When the employer has notice of an injury ~~and its relationship~~ to an employee who is covered under a health benefit plan, as defined in s. 609.01 (1g), provided by the employer and of the relationship of the injury to the employment, the employer shall offer to the injured employee ~~his or her~~ the employee's choice of any physician, chiropractor, psychologist, dentist, physician assistant, advanced practice nurse prescriber, or podiatrist licensed to practice and practicing in this or any other state for treatment of the injury~~. By mutual agreement, the employee may have the choice of any qualified practitioner not licensed in this state~~ as provided under the health care plan.

3. In case of emergency, the employer may arrange for treatment without tendering a choice. After the emergency has passed ~~the~~ an employee who is covered under a health benefit plan provided by the employer shall be given his or her choice of attending practitioner as provided under the health benefit plan at the earliest opportunity. ~~The employee has the right to a 2nd choice of attending practitioner on notice to the employer or its insurance carrier. Any further choice shall be by mutual agreement. Partners~~

4. In this paragraph, partners and clinics are considered to be one practitioner~~.~~ ~~Treatment~~, and treatment by a practitioner on referral from another practitioner is considered to be treatment by one practitioner.

SECTION 48. 102.42 (2) (a) 2. of the statutes is created to read:

102.42 **(2)** (a) 2. When the employer has notice of an injury to an employee who is not covered under a health benefit plan provided by the employer and of the relationship of the injury to the employment, the employer shall offer to the injured employee the employer's choice of any practitioner specified in subd. 1. for treatment of the injury in accordance with the employee's treatment plan. This subdivision permits an employer to choose a particular practitioner for treatment of an injury, but does not permit an employer to choose the type of treatment to be provided or the type of practitioner to provide that treatment.

SECTION 49. 102.42 (3) of the statutes is amended to read:

102.42 **(3)** PRACTITIONER CHOICE UNRESTRICTED. If the employer fails to tender treatment as provided in ~~sub. (1) or choice of an attending practitioner as provided in sub. (2), the employee's right to choose the attending practitioner is not restricted~~ subs. (1) and (2), the employee may choose an attending practitioner without restriction and the employer is liable for the reasonable and necessary expense ~~thereof~~ of any treatment provided by that attending practitioner.

SECTION 50. 102.425 (3) (am) of the statutes is created to read:

102.425 **(3)** (am) 1. Subject to subds. 2. and 3., if a prescription drug dispensed under sub. (2) (a) for outpatient use by an injured employee is a repackaged prescription drug, the liability of an employer or insurer for the cost of the repackaged prescription drug is limited to the average wholesale price, as determined under par. (a) 1., of the prescription drug set by the original manufacturer of the prescription drug, plus any dispensing fee that may be payable under par. (a) 2. and any taxes that may be applicable under par. (a) 3., except that if the national drug code number of the prescription drug as packaged by the original manufacturer of the prescription drug cannot be determined from the billing

statement under par. (c), that liability is limited to the average wholesale price, as determined under par. (a) 1., of the lowest–priced drug product equivalent, plus any dispensing fee under par. (a) 2. and any taxes under par. (a) 3. that would be payable for the drug product equivalent.

2. An employer or insurer is not liable for the cost of a repackaged prescription drug dispensed from a retail, mail–order, or institutional pharmacy.

3. Subdivisions 1. and 2. do not apply to a repackaged prescription drug dispensed from a retail, mail–order, or institutional pharmacy.

SECTION 51. 102.425 (3) (b) of the statutes is amended to read:

102.425 **(3)** (b) In addition to the liability under par. (a) <u>or (am), whichever is applicable</u>, an employer or insurer is also liable for reimbursement to an injured employee for all out–of–pocket expenses incurred by the injured employee in obtaining the prescription drug dispensed.

SECTION 52. 102.425 (4) (a) of the statutes is amended to read:

102.425 **(4)** (a) Except as provided in par. (b), a pharmacist or practitioner who dispenses a prescription drug under sub. (2) to an injured employee may not collect, or bring an action to collect, from the injured employee any charge that is in excess of the liability of the injured employee under sub. (2) (c) 2. or the liability of the employer or insurer under sub. (3) (a) <u>or (am), whichever is applicable</u>.

SECTION 53. 102.425 (4) (b) of the statutes is amended to read:

102.425 **(4)** (b) If an employer or insurer denies or disputes liability for the cost of a drug prescribed to an injured employee under sub. (2), the pharmacist or practitioner who dispensed the drug may collect, or bring an action to collect, from the injured employee the cost of the prescription drug dispensed, subject to the limitations specified in sub. (3) (a) <u>or (am), whichever is applicable</u>. If an employer

or insurer concedes liability for the cost of a drug prescribed to an injured employee under sub. (2), but disputes the reasonableness of the amount charged for the prescription drug, the employer or insurer shall provide notice under sub. (4m) (b) to the pharmacist or practitioner that the reasonableness of the amount charged is in dispute and the pharmacist or practitioner who dispensed the drug may not collect, or bring an action to collect, from the injured employee the cost of the prescription drug dispensed after receiving that notice.

SECTION 54. 102.425 (4m) (b) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.425 **(4m)** (b) An employer or insurer that disputes the reasonableness of the amount charged for a prescription drug dispensed under sub. (2) for outpatient use by an injured employee or the department or division under sub. (4) (b) or s. 102.16 (1m) (c) or 102.18 (1) (bg) 3. shall provide, within 30 days after receiving a completed bill for the prescription drug, reasonable written notice to the pharmacist or practitioner that the charge is being disputed. After receiving reasonable written notice under this paragraph or under sub. (4) (b) or s. 102.16 (1m) (c) or 102.18 (1) (bg) ~~1.~~ 3. that a prescription drug charge is being disputed, a pharmacist or practitioner may not collect the disputed charge from, or bring an action for collection of the disputed charge against, the employee who received the prescription drug.

SECTION 55. 102.43 (5) (c) of the statutes is amended to read:

102.43 **(5)** (c) Compensation for temporary disability on account of receiving instruction under s. 102.61 (1) or (1m) shall not be reduced under sub. (2) on account of any wages earned for the first 24 hours worked by an employee during a week in which the employee is receiving that instruction. If an employee performs more than 24 hours of work during a week in which the employee is receiving that instruction,

all wages earned for hours worked in excess of 24 during that week shall be offset against the employee's average weekly wage in calculating compensation for temporary disability under sub. (2). An employee who is receiving compensation for temporary disability on account of receiving instruction under s. 102.61 (1) or (1m) shall report any wages earned during the period in which the employee is receiving that instruction to the insurance carrier or self–insured employer paying that compensation. This paragraph does not apply after April 30, ~~2014~~ 2018.

SECTION 56. 102.43 (7) (c) 1. of the statutes is amended to read:

102.43 **(7)** (c) 1. If the employee was entitled to maximum weekly benefits at the time of injury, payment for the renewed period of temporary disability or the rehabilitative training shall be at the maximum rate in effect at the ~~commencement of the new period~~ time of injury.

SECTION 57. 102.43 (7) (c) 2. of the statutes is amended to read:

102.43 **(7)** (c) 2. If the employee was entitled to less than the maximum ~~rate, the employee shall receive the same proportion of the maximum which is in effect at the time of the commencement of~~ weekly benefit at the time of injury, payment for the renewed period of temporary disability or the rehabilitative training shall be at the same rate as the employee's actual rate at the time of injury ~~bore to the maximum rate in effect at that time~~.

SECTION 58. 102.43 (9) (e) of the statutes is created to read:

102.43 **(9)** (e) The employee's employment with the employer has been suspended or terminated due to misconduct, as defined in s. 108.04 (5), or substantial fault, as defined in s. 108.04 (5g) (a), by the employee connected with the employee's work.

SECTION 59. 102.44 (1) (ag) of the statutes, as affected by 2015 Wisconsin Act 55, section 2943, is amended to read:

102.44 **(1)** (ag) Notwithstanding any other provision of this chapter, every employee who is receiving compensation under this chapter for permanent total disability or continuous temporary total disability more than 24 months after the date of injury resulting from an injury that occurred prior to January 1, ~~2001~~ 2003, shall receive supplemental benefits that shall be payable by the employer or, subject to par. (c), by the employer's insurance carrier, or in the case of benefits payable to an employee under s. 102.66, shall be paid by the department out of the fund created under s. 102.65. Those supplemental benefits shall be paid only for weeks of disability occurring after January 1, ~~2003~~ 2005, and shall continue during the period of such total disability subsequent to that date.

SECTION 60. 102.44 (1) (am) of the statutes is amended to read:

102.44 **(1)** (am) If the employee is receiving the maximum weekly benefits in effect at the time of the injury, the supplemental benefit for a week of disability occurring after ~~May 1, 2010~~ the effective date of this paragraph .... [LRB inserts date], shall be an amount that, when added to the regular benefit established for the case, shall equal ~~$582~~ $615.

SECTION 61. 102.44 (1) (b) of the statutes is amended to read:

102.44 **(1)** (b) If the employee is receiving a weekly benefit that is less than the maximum benefit that was in effect on the date of the injury, the supplemental benefit for a week of disability occurring after ~~May 1, 2010~~ the effective date of this paragraph .... [LRB inserts date], shall be an amount sufficient to bring the total weekly benefits to the same proportion of ~~$582~~ $615 as the employee's weekly benefit bears to the maximum in effect on the date of injury.

SECTION 62. 102.44 (3) of the statutes is amended to read:

102.44 **(3)** For permanent partial disability not covered by ss. 102.52 to 102.56, the aggregate number of weeks of indemnity shall bear such relation to 1,000 weeks as the nature of the injury bears to one causing permanent total disability ~~and~~. The weekly indemnity for such permanent partial disability shall be payable at the rate of two–thirds of the average weekly earnings of the employee, the earnings to be computed as provided in s. 102.11~~. The weekly indemnity~~, shall be in addition to compensation for the healing period, and shall be for the period that the employee may live, not to exceed 1,000 weeks.

SECTION 63. 102.44 (4m) of the statutes is created to read:

102.44 **(4m)** The department shall promulgate rules establishing minimum permanent disability ratings for amputation levels, losses of motion, sensory losses, and surgical procedures resulting from injuries for which permanent partial disability is claimed under sub. (3) or (4). Those rules shall provide that those minimum ratings for a surgical procedure performed on an injured employee do not apply if it is shown that after the procedure the injured employee suffers from no actual impairment as a result of the employee's injury.

SECTION 64. 102.44 (5) (intro.) of the statutes is amended to read:

102.44 **(5)** (intro.) In cases ~~where~~ in which it is determined that periodic benefits granted by the federal social security act are paid to the employee because of disability or old age, the benefits payable under this chapter shall be reduced as follows:

SECTION 65. 102.44 (5) (a) of the statutes is amended to read:

102.44 **(5)** (a) For each dollar that the total monthly benefits payable under this chapter, excluding attorney fees and costs, plus the monthly benefits payable under

the social security act for disability or old–age assistance exceed ~~80%~~ 80 percent of the employee's average current earnings as determined by the social security administration, the benefits payable under this chapter shall be reduced by the same amount so that the total benefits payable ~~shall~~ do not exceed ~~80%~~ 80 percent of the employee's average current earnings. However, no total benefit payable under this chapter and under the federal social security act may be reduced to an amount that is less than the benefit payable under this chapter.

SECTION 66. 102.44 (5) (c) of the statutes is amended to read:

102.44 **(5)** (c) Failure of the employee, except for excusable neglect, to report social security disability or old–age assistance payments within 30 days after written request shall allow the employer or insurance carrier to reduce weekly compensation benefits payable under this chapter by ~~75%~~ 75 percent. Compensation benefits otherwise payable shall be reimbursed to the employee after reporting.

SECTION 67. 102.44 (5) (e) of the statutes is amended to read:

102.44 **(5)** (e) The reduction prescribed by this ~~section~~ subsection for benefits payable under the social security act for disability shall be allowed only as to payments made on or after July 1, 1980, ~~and~~ the reduction prescribed by this subsection for benefits payable under the social security act for old–age assistance shall be allowed only as to payments made on or after July 1, 2016, and those reductions shall be computed on the basis of payments made for temporary total, temporary partial, permanent total, and permanent partial disability.

SECTION 68. 102.44 (5) (h) of the statutes is created to read:

102.44 **(5)** (h) No reduction under this subsection shall be made on account of periodic benefits paid to an injured employee under the social security act for old–age

assistance if it is shown that, notwithstanding the receipt of those benefits, the injured employee is available for work.

SECTION 69. 102.44 (5m) of the statutes is created to read:

102.44 **(5m)** (a) Subject to pars. (b) to (f), an employer or insurer may reduce the amount of benefits payable under this chapter to an injured employee, including benefits paid in a lump sum under a compromise settlement under s. 102.16 (1), by the amount of benefits paid or payable to the injured employee under the worker's compensation law of any other state for the same injury, including benefits paid in a lump sum under a compromise settlement under the worker's compensation law of that state.

(b) An employer or insurer that is liable to an injured employee for benefits payable under this chapter may request in writing that the injured employee report to the employer or insurer any benefits paid or payable to the injured employee under the worker's compensation law of any other state. If for reasons other than excusable neglect an employee fails to respond to a request under this paragraph within 30 days after the date of the request, the employer or insurer may reduce the employee's weekly compensation benefits under this chapter by 75 percent until such time as the employee reports that information. On receipt of that information, the employer or insurer shall reimburse the employee for all compensation benefits otherwise payable during the period of the reduction.

(c) An employer or insurer that reduces the amount of benefits payable under this chapter as permitted under par. (a) shall report that reduction to the department and, on request of the department, shall furnish proof of the basis for that reduction that is satisfactory to the department.

(d) An employer or insurer may reduce the amount of benefits payable under this chapter as permitted under par. (a) only as to payments under the worker's compensation law of another state made on or after the effective date of this paragraph .... [LRB inserts date], and shall compute that reduction on the basis of payments made for temporary total, temporary partial, permanent total, and permanent partial disability.

(e) An employer or insurer may not reduce the amount of benefits payable under this chapter as otherwise permitted under par. (a) on account of payments made under the worker's compensation law of another state to a dependent of the employee.

(f) An employer or insurer may not reduce the amount of temporary disability benefits payable under this chapter by the amount of temporary disability benefits payable under the worker's compensation laws of another state during a period in which an injured employee is receiving vocational rehabilitation services under s. 102.61 (1) or (1m).

SECTION 70. 102.58 of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.58 Decreased compensation. If injury is caused by the failure of the employee to use safety devices that are provided in accordance with any statute, rule, or order of the department of safety and professional services and that are adequately maintained, and the use of which is reasonably enforced by the employer, if injury results from the employee's failure to obey any reasonable rule adopted and reasonably enforced by the employer for the safety of the employee and of which the employee has notice, ~~or~~ if injury results from the intoxication of the employee by alcohol beverages, as defined in s. 125.02 (1), or use of a controlled substance, as

defined in s. 961.01 (4), or a controlled substance analog, as defined in s. 961.01 (4m), or if injury results from any other negligence attributable to the employee, the compensation and death benefit provided in this chapter shall be reduced ~~by 15 percent but the total reduction may not exceed $15,000~~ in proportion to the amount of negligence attributable to the employee.

SECTION 71. 102.75 (1) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

102.75 **(1)** The department shall assess upon and collect from each licensed worker's compensation insurance carrier and from each employer exempted under s. 102.28 (2) ~~by special order or by rule,~~ (b) or (bm) from the duty to carry insurance under s. 102.28 (2) (a) the proportion of total costs and expenses incurred by the council on worker's compensation for travel and research and by the department, the division, and the commission in the administration of this chapter for the current fiscal year, plus any deficiencies in collections and anticipated costs from the previous fiscal year, that the total indemnity paid or payable under this chapter by each such carrier and exempt employer in worker's compensation cases initially closed during the preceding calendar year, other than for increased, double, or treble compensation, bore to the total indemnity paid in cases closed the previous calendar year under this chapter by all carriers and exempt employers, other than for increased, double, or treble compensation. The council on worker's compensation, the division, and the commission shall annually certify any costs and expenses for worker's compensation activities to the department at such time as the secretary requires.

SECTION 72. 102.75 (4) of the statutes is amended to read:

102.75 **(4)** From the appropriation under s. 20.445 (1) (ra), the department shall allocate the amounts that it collects in application fees from employers applying for exemption under s. 102.28 (2) (b) and the annual amount that it collects from employers that have been exempted under s. 102.28 (2) (b) to fund the activities of the department under s. 102.28 (2) (b) and (c) with respect to those employers.

SECTION 73. 102.81 (1) (a) of the statutes is amended to read:

102.81 **(1)** (a) If an employee of an uninsured employer, other than an employee who is eligible to receive alternative benefits under s. 102.28 (3), suffers an injury for which the uninsured employer is liable under s. 102.03, the department or the department's reinsurer shall pay to or on behalf of the injured employee or to the employee's dependents an amount equal to the compensation owed them by the uninsured employer under this chapter except penalties and interest due under ss. 102.16 (3), 102.18 (1) (b) 3. and (bp), 102.22 (1), 102.35 (3), 102.57, and 102.60.

SECTION 74. 108.10 (4) of the statutes is amended to read:

108.10 **(4)** The department or the employing unit may commence action for the judicial review of a commission decision under this section, provided the department, or the employing unit, after exhausting the remedies provided under this section, has commenced such action within 30 days after such decision was mailed to the employing unit's last–known address. The scope of judicial review, and the manner thereof insofar as applicable, shall be the same as that provided in s. 108.09 (7). In an action commenced by an employing unit under this section, the department shall be ~~an adverse party~~ a defendant under s. 102.23 (1) (a) and shall be named as a ~~party~~ defendant in the summons and complaint commencing the action.

SECTION 75. 165.60 of the statutes is amended to read:

165.60 Law enforcement. The department of justice is authorized to enforce ss. 101.123 (2), (2m), and (8), 175.60 (17) (e), 944.30 (1m), 944.31, 944.33, 944.34, 945.02 (2), 945.03 (1m), and 945.04 (1m) and ch. 108 and, with respect to a false statement submitted or made under s. 175.60 (7) (b) or (15) (b) 2. or as described under s. 175.60 (17) (c), to enforce s. 946.32, is authorized to assist the department of workforce development in the investigation and prosecution of suspected fraudulent activity related to worker's compensation as provided in s. 102.125, and is invested with the powers conferred by law upon sheriffs and municipal police officers in the performance of those duties. This section does not deprive or relieve sheriffs, constables, and other local police officers of the power and duty to enforce those sections, and those officers shall likewise enforce those sections.

SECTION 76. Nonstatutory provisions.

(1) FRAUD INVESTIGATION AND PROSECUTION; DEPARTMENT OF JUSTICE POSITION AUTHORIZATION. The authorized FTE positions for the department of justice are increased by 1.0 PR–S position, to be funded from the appropriation under section 20.455 (2) (k) of the statutes, for the purpose of investigating and prosecuting fraudulent activity related to worker's compensation.

(2) STUDY OF RESTRICTED WORK DURING EMPLOYEE HEALING PERIOD. The secretary of workforce development shall create a committee under section 15.04 (1) (c) of the statutes to study ways and means of encouraging employers to provide, and injured employees to participate in, light–duty programs under which injured employees who can return to restricted types of work during their healing periods are furnished with suitable employment that is within the physical and mental limitations of those employees. The study shall include an examination of the types of physical and mental limitations that do not preclude a return to work during the healing period

and the types of work that are suitable for injured employees who have those limitations. The committee shall include representatives of employers, employees, worker's compensation insurers authorized to do business in this state, and the department of workforce development. Upon completion of the study, the committee shall report its findings, conclusions, and recommendations to the department of workforce development and the council on worker's compensation, after which the committee shall terminate its activities and cease to exist.

SECTION 77. Initial applicability.

(1) JUDICIAL REVIEW OF WORKER'S COMPENSATION DECISIONS. The treatment of sections 102.23 (1) (a), (c), and (cm) and 108.10 (4) of the statutes first applies to an action for the review of an order or award of the labor and industry review commission commenced in circuit court on the effective date of this subsection.

(2) ADMINISTRATIVE REVIEW OF WORKER'S COMPENSATION DECISIONS. The treatment of section 102.18 (3) and (4) (b) of the statutes first applies to a petition for the review of a decision of a department of workforce development hearing examiner filed with the labor and industry review commission on the effective date of this subsection.

(3) REVIEW OF PERMANENT PARTIAL DISABILITY AWARDS. The treatment of section 102.18 (7) of the statutes first applies to a final award of worker's compensation made on the effective date of this subsection.

(4) RENEWED PERIODS OF DISABILITY. The treatment of sections 102.03 (4) (with respect to renewed periods of disability) and 102.43 (7) (c) 1. and 2. of the statues first applies to a week of disability beginning after the effective date of this subsection.

SECTION 78. Effective date.

1 (1) This act takes effect on January 1, 2016, or on the day after publication,
2 whichever is later.

3 **(END)**