

## 1 SENATE BILL NO. 481

2 INTRODUCED BY COCCHIARELLA

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT MERGING OCCUPATIONAL DISEASES INTO THE WORKERS'  
 5 COMPENSATION ACT; ESTABLISHING LEGISLATIVE INTENT TOWARD OCCUPATIONAL DISEASES AS  
 6 PUBLIC POLICY; DEFINING "OCCUPATIONAL DISEASE"; PROVIDING FOR THE LIABILITY OF INSURERS  
 7 AND COMPENSATION FOR OCCUPATIONAL DISEASES UNDER THE WORKERS' COMPENSATION ACT;  
 8 PROVIDING FOR TIME FOR CLAIMS TO BE PRESENTED; AMENDING SECTIONS 2-15-2015, 30-9A-109,  
 9 37-1-131, 39-71-105, 39-71-106, 39-71-107, 39-71-116, 39-71-201, 39-71-206, 39-71-211, 39-71-315,  
 10 39-71-316, 39-71-317, 39-71-403, 39-71-407, 39-71-416, 39-71-525, 39-71-601, 39-71-603, 39-71-612,  
 11 39-71-743, 39-71-915, 39-71-1105, 39-71-2401, 39-71-2406, 39-71-2408, 39-71-2411, 39-73-104, 39-73-107,  
 12 45-6-301, 71-3-1118, AND 85-5-101, MCA; REPEALING SECTIONS 39-72-101, 39-72-102, 39-72-103,  
 13 39-72-201, 39-72-202, 39-72-203, 39-72-204, 39-72-206, 39-72-301, 39-72-302, 39-72-303, 39-72-305,  
 14 39-72-310, 39-72-401, 39-72-402, 39-72-403, 39-72-404, 39-72-405, 39-72-408, 39-72-509, 39-72-601,  
 15 39-72-602, 39-72-606, 39-72-607, 39-72-608, 39-72-701, 39-72-703, 39-72-704, 39-72-705, 39-72-706,  
 16 39-72-707, 39-72-708, 39-72-709, 39-72-711, 39-72-712, AND 39-72-714, MCA; AND PROVIDING AN  
 17 EFFECTIVE DATE AND AN APPLICABILITY DATE."

18  
 19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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 21 NEW SECTION. **Section 1. Applicability of workers' compensation act -- exceptions.** Except as  
 22 provided in 39-71-407, 39-71-601, and 39-71-603, this chapter applies to injuries and occupational diseases.

23  
 24 NEW SECTION. **Section 2. Compensation for occupational diseases and medical benefits --**  
 25 **diminution of compensation.** (1) Compensation for occupational diseases must be equal to the compensation  
 26 and medical benefits provided for injuries in this chapter.

27 (2) ~~For an occupational disease, compensation payable to the claimant, the claimant's beneficiaries,~~  
 28 ~~or the claimant's dependents must be diminished by the amount of any compensation paid or to be paid to the~~  
 29 ~~claimant or the claimant's beneficiaries or dependents for the same condition for which benefits are received~~  
 30 ~~or may be claimed for an injury~~ WHEN THE SAME MEDICAL CONDITION MAY BE CLAIMED AS AN INJURY AND AN

1 OCCUPATIONAL DISEASE, COMPENSATION PAYABLE TO THE CLAIMANT, THE CLAIMANT'S BENEFICIARIES, OR THE  
 2 CLAIMANT'S DEPENDENTS MAY NOT BE DUPLICATED FOR THE SAME CONDITIONS OVER THE SAME TIME PERIOD.

3  
 4 NEW SECTION. Section 3. Autopsy. Upon the filing of a claim for compensation for death caused  
 5 by an occupational disease, if an autopsy is necessary to determine the cause of death, an autopsy may be  
 6 requested by an insurer. The autopsy must be made under the supervision of the county coroner or a medical  
 7 examiner. The expense of the autopsy must be paid by the insurer.

8  
 9 NEW SECTION. Section 4. Benefits for pneumoconiosis. (1) Pneumoconiosis is an occupational  
 10 disease that is compensable under this part. However, any benefits granted a claimant under this chapter for  
 11 pneumoconiosis must be reduced, but not below zero, by an amount equal to the benefits granted the claimant  
 12 under any program under federal law that pays benefits for a claimant suffering disability from pneumoconiosis.

13 (2) "Pneumoconiosis" means a chronic dust disease of the lungs arising out of employment in coal  
 14 mines and includes anthracosis, coal workers' pneumoconiosis, silicosis, or anthracosilicosis arising out of  
 15 employment.

16  
 17 NEW SECTION. Section 5. Prohibiting supplementing of benefits. A person receiving  
 18 compensation or benefits under chapter 73 of this title is not entitled to compensation or benefits under this  
 19 chapter.

20  
 21 **Section 6.** Section 2-15-2015, MCA, is amended to read:

22 **"2-15-2015. Workers' compensation fraud investigation and prosecution office.** There is a workers'  
 23 compensation fraud investigation and prosecution office in the department of justice. The office shall investigate  
 24 and prosecute cases referred by the state compensation insurance fund or the department of labor and industry  
 25 on behalf of the uninsured employers' fund. The office is under the supervision and control of the attorney  
 26 general and consists of:

27 (1) one or more investigators qualified by education, training, experience, and high professional  
 28 competence in investigative procedures who shall investigate violations of the provisions of Title 39, ~~chapters~~  
 29 chapter 71 and 72, at the request of the state compensation insurance fund or the department of labor and  
 30 industry on behalf of the uninsured employers' fund; and

1 (2) one or more attorneys licensed to practice law in Montana who shall prosecute violations of the  
2 provisions of Title 39, ~~chapters~~ chapter 71 and 72. The attorneys may also assist county attorneys in prosecuting  
3 violations of Title 39, ~~chapters~~ chapter 71 and 72, without charge to the county.

4 (3) The state compensation insurance fund, the department of labor and industry, and the department  
5 of justice shall submit to the legislature for approval one proposed biennial budget for the workers' compensation  
6 fraud office. The proposed budget for staffing and related expenses must be based upon the needs of the state  
7 compensation insurance fund and the department of labor and industry on behalf of the uninsured employers'  
8 fund for investigating and prosecuting workers' compensation fraud."

9

10 **Section 7.** Section 30-9A-109, MCA, is amended to read:

11 **"30-9A-109. Scope.** (1) Except as otherwise provided in subsections (3) and (4), this chapter applies  
12 to:

13 (a) any transaction, regardless of its form, that creates a security interest in personal property or fixtures  
14 by contract;

15 (b) an agricultural lien;

16 (c) a sale of an account, chattel paper, payment intangible, or promissory note;

17 (d) a consignment;

18 (e) a security interest arising under 30-2-401, 30-2-505, 30-2-711(3), or 30-2A-508(5), to the extent  
19 provided in 30-9A-110; and

20 (f) a security interest arising under 30-4-208 or 30-5-118.

21 (2) The application of this chapter to a security interest in a secured obligation is not affected by the fact  
22 that the obligation is itself secured by a transaction or interest to which this chapter does not apply.

23 (3) This chapter does not apply to the extent that:

24 (a) a statute, regulation, or treaty of the United States preempts this chapter;

25 (b) another statute of this state expressly governs the creation, perfection, priority, or enforcement of  
26 a security interest created by this state or a governmental unit of this state;

27 (c) a statute of another state, a foreign country, or a governmental unit of another state or a foreign  
28 country, other than a statute generally applicable to security interests, expressly governs creation, perfection,  
29 priority, or enforcement of a security interest created by the state, country, or governmental unit; or

30 (d) the rights of a transferee beneficiary or nominated person under a letter of credit are independent

- 1 and superior under 30-5-134.
- 2 (4) This chapter does not apply to:
- 3 (a) a landlord's lien, other than an agricultural lien;
- 4 (b) a lien, other than an agricultural lien, given by statute or other rule of law for services or materials,  
5 but 30-9A-333 applies with respect to priority of the lien;
- 6 (c) an assignment of a claim for wages, salary, or other compensation of an employee;
- 7 (d) a sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the  
8 business out of which they arose;
- 9 (e) an assignment of accounts, chattel paper, payment intangibles, or promissory notes that is for the  
10 purpose of collection only;
- 11 (f) an assignment of a right to payment under a contract to an assignee that is also obliged to perform  
12 under the contract;
- 13 (g) an assignment of a single account, payment intangible, or promissory note to an assignee in full or  
14 partial satisfaction of a preexisting indebtedness;
- 15 (h) a transfer of an interest in or an assignment of a claim under a policy of insurance, other than an  
16 assignment by or to a health care provider of a health-care-insurance receivable and any subsequent  
17 assignment of the right to payment, but 30-9A-315 and 30-9A-322 apply with respect to proceeds and priorities  
18 in proceeds;
- 19 (i) an assignment of a right represented by a judgment, other than a judgment taken on a right to  
20 payment that was collateral;
- 21 (j) a right of recoupment or setoff, but:
- 22 (i) 30-9A-340 applies with respect to the effectiveness of rights of recoupment or setoff against deposit  
23 accounts; and
- 24 (ii) 30-9A-404 applies with respect to defenses or claims of an account debtor;
- 25 (k) the creation or transfer of an interest in or lien on real property, including a lease or rents under the  
26 interest in real property, except to the extent that provision is made for:
- 27 (i) liens on real property in 30-9A-203 and 30-9A-308;
- 28 (ii) fixtures in 30-9A-334;
- 29 (iii) fixture filings in 30-9A-501, 30-9A-502, 30-9A-512, 30-9A-516, and 30-9A-519; and
- 30 (iv) security agreements covering personal and real property in 30-9A-604;

- 1 (l) an assignment of a claim arising in tort, other than a commercial tort claim, but 30-9A-315 and  
 2 30-9A-322 apply with respect to proceeds and priorities in proceeds;
- 3 (m) a transfer by a government or governmental subdivision or agency;
- 4 (n) an assignment of a deposit account in a consumer transaction, except that 30-9A-315 and  
 5 30-9A-322 apply with respect to proceeds and priorities in proceeds; or
- 6 (o) an assignment of payments made to or on behalf of claimants pursuant to Title 39, chapter 51, 71,  
 7 ~~72~~; or 73."

- 8
- 9 **Section 8.** Section 37-1-131, MCA, is amended to read:
- 10 **"37-1-131. Duties of boards -- quorum required.** Each board within the department shall:
- 11 (1) set and enforce standards and rules governing the licensing, certification, registration, and conduct  
 12 of the members of the particular profession or occupation within its jurisdiction;
- 13 (2) sit in judgment in hearings for the suspension, revocation, or denial of a license of an actual or  
 14 potential member of the particular profession or occupation within its jurisdiction. The hearings must be  
 15 conducted by a hearing examiner when required under 37-1-121(1).
- 16 (3) suspend, revoke, or deny a license of a person who the board determines, after a hearing as  
 17 provided in subsection (2), is guilty of knowingly defrauding, abusing, or aiding in the defrauding or abusing of  
 18 the workers' compensation system in violation of the provisions of Title 39, chapter 71 ~~or 72~~;
- 19 (4) pay to the department its pro rata share of the assessed costs of the department under 37-1-101(6);
- 20 (5) consult with the department before the board initiates a program expansion, under existing  
 21 legislation, to determine if the board has adequate money and appropriation authority to fully pay all costs  
 22 associated with the proposed program expansion. The board may not expand a program if the board does not  
 23 have adequate money and appropriation authority available.
- 24 (6) A board, board panel, or subcommittee convened to conduct board business must have a majority  
 25 of its members, which constitutes a quorum, present to conduct business."

- 26
- 27 **Section 9.** Section 39-71-105, MCA, is amended to read:
- 28 **"39-71-105. Declaration of public policy.** For the purposes of interpreting and applying Title 39,  
 29 ~~chapters chapter~~ 71 ~~and 72~~, the following is the public policy of this state:
- 30 (1) It is an objective of the Montana workers' compensation system to provide, without regard to fault,

1 wage supplement and medical benefits to a worker suffering from a work-related injury or disease. Wage-loss  
2 benefits are not intended to make an injured worker whole; they are intended to assist a worker at a reasonable  
3 cost to the employer. Within that limitation, the wage-loss benefit should bear a reasonable relationship to actual  
4 wages lost as a result of a work-related injury or disease.

5 (2) A worker's removal from the work force due to a work-related injury or disease has a negative impact  
6 on the worker, the worker's family, the employer, and the general public. Therefore, it is an objective of the  
7 workers' compensation system to return a worker to work as soon as possible after the worker has suffered a  
8 work-related injury or disease.

9 (3) Montana's workers' compensation and occupational disease insurance systems are intended to be  
10 primarily self-administering. Claimants should be able to speedily obtain benefits, and employers should be able  
11 to provide coverage at reasonably constant rates. To meet these objectives, the system must be designed to  
12 minimize reliance upon lawyers and the courts to obtain benefits and interpret liabilities.

13 (4) Title 39, ~~chapters~~ chapter 71 and 72, must be construed according to ~~their~~ its terms and not liberally  
14 in favor of any party.

15 (5) It is the intent of the legislature that:

16 (a) stress claims, often referred to as "mental-mental claims" and "mental-physical claims", are not  
17 compensable under Montana's workers' compensation and occupational disease laws. The legislature  
18 recognizes that these claims are difficult to objectively verify and that the claims have a potential to place an  
19 economic burden on the workers' compensation and occupational disease system. The legislature also  
20 recognizes that there are other states that do not provide compensation for various categories of stress claims  
21 and that stress claims have presented economic problems for certain other jurisdictions. In addition, not all  
22 injuries are compensable under the present system, as is the case with repetitive injury claims, and it is within  
23 the legislature's authority to define the limits of the workers' compensation and occupational disease system.

24 (b) for occupational disease claims, because of the nature of exposure, workers should not be required  
25 to provide notice to employers of the disease as required of injuries and that the requirements for filing of claims  
26 reflect consideration of when the worker knew or should have known of exposure to THAT THE WORKER'S  
27 CONDITION RESULTED FROM an occupational disease. The legislature recognizes that occupational diseases in  
28 the workplace are caused by events occurring on more than a single day or work shift and that it is within the  
29 legislature's authority to define an occupational disease and establish the causal connection to the workplace."

30

1           **Section 10.** Section 39-71-106, MCA, is amended to read:

2           **"39-71-106. No liability for reporting violation.** A person, including but not limited to an insurer or an  
3 employer, may not be held liable for civil damages as a result of reporting in good faith information that the  
4 person believes proves a violation of the provisions of ~~chapter 72~~ or this chapter."  
5

6           **Section 11.** Section 39-71-107, MCA, is amended to read:

7           **"39-71-107. Insurers to act promptly on claims -- in-state adjusters.** (1) Pursuant to the public policy  
8 stated in 39-71-105, prompt claims handling practices are necessary to provide appropriate service to injured  
9 workers, to employers, and to providers who are the customers of the workers' compensation system.

10           (2) All workers' compensation and occupational disease claims filed pursuant to the Workers'  
11 Compensation Act ~~and the Occupational Disease Act of Montana~~ must be adjusted by a person in Montana. For  
12 a claim to be considered as adjusted by a person in Montana, the person adjusting the claim is required to  
13 determine the entitlement to benefits, authorize payment of all benefits due, manage the claim, have authority  
14 to settle the claim, maintain an office located in Montana, and adjust Montana claims from that office. Use of a  
15 mailbox or maildrop in Montana does not constitute maintaining an office in Montana.

16           (3) An insurer shall maintain the documents related to each claim filed with the insurer under the  
17 Workers' Compensation Act ~~and the Occupational Disease Act of Montana~~ at the Montana office of the person  
18 adjusting the claim in Montana until the claim is settled. The documents may be either original documents or  
19 duplicates of the original documents and must be maintained in a manner that allows the documents to be  
20 retrieved from that office and copied at the request of the claimant or the department. Settled claim files stored  
21 outside of the adjuster's office must be made available within 48 hours of a request for the file. Electronic or  
22 optically imaged documents are permitted.

23           (4) An insurer shall provide to the claimant:

24           (a) a written statement of the reasons that a claim is being denied at the time of denial;

25           (b) whenever benefits requested by a claimant are denied, a written explanation of how the claimant  
26 may appeal an insurer's decision; and

27           (c) a written explanation of the amount of wage loss benefits being paid to the claimant, along with an  
28 explanation of the calculation used to compute those benefits. The explanation must be sent within 7 days of  
29 the initial payment of the benefit.

30           (5) An insurer shall:

1 (a) begin making payments that are due on a claim within 14 days of acceptance of the claim, unless  
2 the insurer promptly notifies the claimant that the insurer needs additional information in order to begin paying  
3 benefits and specifies the information needed; and

4 (b) pay settlements within 30 days of the date the department issues an order approving the settlement.

5 (6) An insurer may not make payments pursuant to 39-71-608 or any other reservation of rights for more  
6 than 90 days without:

7 (a) written consent of the claimant; or

8 (b) approval of the department.

9 (7) The department may adopt rules to implement this section.

10 (8) (a) For purposes of this section, "settled claim" means a department-approved or court-ordered  
11 compromise of benefits between a claimant and an insurer or a claim that was paid in full.

12 (b) The term does not include a claim in which there has been only a lump-sum advance of benefits."  
13

14 **Section 12.** Section 39-71-116, MCA, is amended to read:

15 **"39-71-116. Definitions.** Unless the context otherwise requires, in this chapter, the following definitions  
16 apply:

17 (1) "Actual wage loss" means that the wages that a worker earns or is qualified to earn after the worker  
18 reaches maximum healing are less than the actual wages the worker received at the time of the injury.

19 (2) "Administer and pay" includes all actions by the state fund under the Workers' Compensation Act  
20 ~~and the Occupational Disease Act of Montana~~ necessary to:

21 (a) investigation, review, and settlement of claims;

22 (b) payment of benefits;

23 (c) setting of reserves;

24 (d) furnishing of services and facilities; and

25 (e) use of actuarial, audit, accounting, vocational rehabilitation, and legal services.

26 (3) "Aid or sustenance" means a public or private subsidy made to provide a means of support,  
27 maintenance, or subsistence for the recipient.

28 (4) "Average weekly wage" means the mean weekly earnings of all employees under covered  
29 employment, as defined and established annually by the department. It is established at the nearest whole dollar  
30 number and must be adopted by the department before July 1 of each year.



- 1 (5) "Beneficiary" means:
- 2 (a) a surviving spouse living with or legally entitled to be supported by the deceased at the time of injury;
- 3 (b) an unmarried child under 18 years of age;
- 4 (c) an unmarried child under 22 years of age who is a full-time student in an accredited school or is
- 5 enrolled in an accredited apprenticeship program;
- 6 (d) an invalid child over 18 years of age who is dependent, as defined in 26 U.S.C. 152, upon the
- 7 decedent for support at the time of injury;
- 8 (e) a parent who is dependent, as defined in 26 U.S.C. 152, upon the decedent for support at the time
- 9 of the injury if a beneficiary, as defined in subsections (5)(a) through (5)(d), does not exist; and
- 10 (f) a brother or sister under 18 years of age if dependent, as defined in 26 U.S.C. 152, upon the
- 11 decedent for support at the time of the injury but only until the age of 18 years and only when a beneficiary, as
- 12 defined in subsections (5)(a) through (5)(e), does not exist.
- 13 (6) "Business partner" means the community, governmental entity, or business organization that
- 14 provides the premises for work-based learning activities for students.
- 15 (7) "Casual employment" means employment not in the usual course of the trade, business, profession,
- 16 or occupation of the employer.
- 17 (8) "Child" includes a posthumous child, a dependent stepchild, and a child legally adopted prior to the
- 18 injury.
- 19 (9) "Construction industry" means the major group of general contractors and operative builders, heavy
- 20 construction (other than building construction) contractors, and special trade contractors listed in major group
- 21 23 in the North American Industry Classification System Manual. The term does not include office workers,
- 22 design professionals, salespersons, estimators, or any other related employment that is not directly involved on
- 23 a regular basis in the provision of physical labor at a construction or renovation site.
- 24 (10) "Days" means calendar days, unless otherwise specified.
- 25 (11) "Department" means the department of labor and industry.
- 26 (12) "Fiscal year" means the period of time between July 1 and the succeeding June 30.
- 27 (13) "Household or domestic employment" means employment of persons other than members of the
- 28 household for the purpose of tending to the aid and comfort of the employer or members of the employer's
- 29 family, including but not limited to housecleaning and yard work, but does not include employment beyond the
- 30 scope of normal household or domestic duties, such as home health care or domiciliary care.

1 (14) "Insurer" means an employer bound by compensation plan No. 1, an insurance company  
2 transacting business under compensation plan No. 2, or the state fund under compensation plan No. 3.

3 (15) "Invalid" means one who is physically or mentally incapacitated.

4 (16) "Limited liability company" is as defined in 35-8-102.

5 (17) "Maintenance care" means treatment designed to provide the optimum state of health while  
6 minimizing recurrence of the clinical status.

7 (18) "Medical stability", "maximum healing", or "maximum medical healing" means a point in the healing  
8 process when further material improvement would not be reasonably expected from primary medical treatment.

9 (19) "Objective medical findings" means medical evidence, including range of motion, atrophy, muscle  
10 strength, muscle spasm, or other diagnostic evidence, substantiated by clinical findings.

11 (20) (a) "Occupational disease" means harm, damage, or death arising out of or contracted in the course  
12 and scope of employment caused by events occurring on more than a single day or work shift.

13 (b) The term does not include a physical or mental condition arising from emotional or mental stress  
14 or from a nonphysical stimulus or activity.

15 ~~(20)~~(21) "Order" means any decision, rule, direction, requirement, or standard of the department or any  
16 other determination arrived at or decision made by the department.

17 ~~(21)~~(22) "Palliative care" means treatment designed to reduce or ease symptoms without curing the  
18 underlying cause of the symptoms.

19 ~~(22)~~(23) "Payroll", "annual payroll", or "annual payroll for the preceding year" means the average annual  
20 payroll of the employer for the preceding calendar year or, if the employer has not operated a sufficient or any  
21 length of time during the calendar year, 12 times the average monthly payroll for the current year. However, an  
22 estimate may be made by the department for any employer starting in business if average payrolls are not  
23 available. This estimate must be adjusted by additional payment by the employer or refund by the department,  
24 as the case may actually be, on December 31 of the current year. An employer's payroll must be computed by  
25 calculating all wages, as defined in 39-71-123, that are paid by an employer.

26 ~~(23)~~(24) "Permanent partial disability" means a physical condition in which a worker, after reaching  
27 maximum medical healing:

28 (a) has a permanent impairment established by objective medical findings;

29 (b) is able to return to work in some capacity but the permanent impairment impairs the worker's ability  
30 to work; and

1 (c) has an actual wage loss as a result of the injury.

2 ~~(24)~~(25) "Permanent total disability" means a physical condition resulting from injury as defined in this  
3 chapter, after a worker reaches maximum medical healing, in which a worker does not have a reasonable  
4 prospect of physically performing regular employment. Regular employment means work on a recurring basis  
5 performed for remuneration in a trade, business, profession, or other occupation in this state. Lack of immediate  
6 job openings is not a factor to be considered in determining if a worker is permanently totally disabled.

7 ~~(25)~~(26) The "plant of the employer" includes the place of business of a third person while the employer  
8 has access to or control over the place of business for the purpose of carrying on the employer's usual trade,  
9 business, or occupation.

10 ~~(26)~~(27) "Primary medical services" means treatment prescribed by a treating physician, for conditions  
11 resulting from the injury, necessary for achieving medical stability.

12 ~~(27)~~(28) "Public corporation" means the state or a county, municipal corporation, school district, city, city  
13 under a commission form of government or special charter, town, or village.

14 ~~(28)~~(29) "Reasonably safe place to work" means that the place of employment has been made as free  
15 from danger to the life or safety of the employee as the nature of the employment will reasonably permit.

16 ~~(29)~~(30) "Reasonably safe tools and appliances" are tools and appliances that are adapted to and that  
17 are reasonably safe for use for the particular purpose for which they are furnished.

18 ~~(30)~~(31) (a) "Secondary medical services" means those medical services or appliances that are  
19 considered not medically necessary for medical stability. The services and appliances include but are not limited  
20 to spas or hot tubs, work hardening, physical restoration programs and other restoration programs designed to  
21 address disability and not impairment, or equipment offered by individuals, clinics, groups, hospitals, or  
22 rehabilitation facilities.

23 (b) (i) As used in this subsection ~~(30)~~ (31), "disability" means a condition in which a worker's ability to  
24 engage in gainful employment is diminished as a result of physical restrictions resulting from an injury. The  
25 restrictions may be combined with factors, such as the worker's age, education, work history, and other factors  
26 that affect the worker's ability to engage in gainful employment.

27 (ii) Disability does not mean a purely medical condition.

28 ~~(31)~~(32) "Sole proprietor" means the person who has the exclusive legal right or title to or ownership of  
29 a business enterprise.

30 ~~(32)~~(33) "Temporary partial disability" means a physical condition resulting from an injury, as defined

1 in 39-71-119, in which a worker, prior to maximum healing:

2 (a) is temporarily unable to return to the position held at the time of injury because of a medically  
3 determined physical restriction;

4 (b) returns to work in a modified or alternative employment; and

5 (c) suffers a partial wage loss.

6 ~~(33)~~(34) "Temporary service contractor" means a person, firm, association, partnership, limited liability  
7 company, or corporation conducting business that hires its own employees and assigns them to clients to fill a  
8 work assignment with a finite ending date to support or supplement the client's workforce in situations resulting  
9 from employee absences, skill shortages, seasonal workloads, and special assignments and projects.

10 ~~(34)~~(35) "Temporary total disability" means a physical condition resulting from an injury, as defined in  
11 this chapter, that results in total loss of wages and exists until the injured worker reaches maximum medical  
12 healing.

13 ~~(35)~~(36) "Temporary worker" means a worker whose services are furnished to another on a part-time  
14 or temporary basis to fill a work assignment with a finite ending date to support or supplement a workforce in  
15 situations resulting from employee absences, skill shortages, seasonal workloads, and special assignments and  
16 projects.

17 ~~(36)~~(37) "Treating physician" means a person who is primarily responsible for the treatment of a worker's  
18 compensable injury and is:

19 (a) a physician licensed by the state of Montana under Title 37, chapter 3, and has admitting privileges  
20 to practice in one or more hospitals, if any, in the area where the physician is located;

21 (b) a chiropractor licensed by the state of Montana under Title 37, chapter 12;

22 (c) a physician assistant-certified licensed by the state of Montana under Title 37, chapter 20, if there  
23 is not a treating physician, as provided for in subsection ~~(36)(a)~~ (37)(a), in the area where the physician  
24 assistant-certified is located;

25 (d) an osteopath licensed by the state of Montana under Title 37, chapter 3;

26 (e) a dentist licensed by the state of Montana under Title 37, chapter 4;

27 (f) for a claimant residing out of state or upon approval of the insurer, a treating physician defined in  
28 subsections ~~(36)(a)~~ (37)(a) through ~~(36)(e)~~ (37)(e) who is licensed or certified in another state; or

29 (g) an advanced practice registered nurse licensed by the state of Montana under Title 37, chapter 8,  
30 recognized by the board of nursing as a nurse practitioner or a clinical nurse specialist, and practicing in

1 consultation with a physician licensed under Title 37, chapter 3, if there is not a treating physician, as provided  
 2 for in subsection ~~(36)(a)~~ (37)(a), in the area in which the advanced practice registered nurse is located.

3 ~~(37)(38)~~ "Work-based learning activities" means job training and work experience conducted on the  
 4 premises of a business partner as a component of school-based learning activities authorized by an elementary,  
 5 secondary, or postsecondary educational institution.

6 ~~(38)(39)~~ "Year", unless otherwise specified, means calendar year."  
 7

8 **Section 13.** Section 39-71-201, MCA, is amended to read:

9 **"39-71-201. Administration fund.** (1) A workers' compensation administration fund is established out  
 10 of which all costs of administering the Workers' Compensation ~~and Occupational Disease Acts~~ Act and the  
 11 statutory occupational safety acts that the department is required to administer, with the exception of the  
 12 subsequent injury fund, as provided for in 39-71-907, and the uninsured employers' fund, are to be paid upon  
 13 lawful appropriation. The department shall collect and deposit in the state treasury to the credit of the workers'  
 14 compensation administration fund:

15 (a) all fees and penalties provided in 39-71-205, 39-71-223, 39-71-304, 39-71-307, 39-71-308,  
 16 39-71-315, 39-71-316, 39-71-401(6), 39-71-2204, 39-71-2205, and 39-71-2337; and

17 (b) all fees paid by an assessment of 3% of paid losses, plus administrative fines and interest provided  
 18 by this section.

19 (2) For the purposes of this section, paid losses include the following benefits paid during the preceding  
 20 calendar year for injuries covered by the Workers' Compensation Act ~~and the Occupational Disease Act of~~  
 21 ~~Montana~~ without regard to the application of any deductible whether the employer or the insurer pays the losses:

22 (a) total compensation benefits paid; and

23 (b) except for medical benefits in excess of \$200,000 for each occurrence that are exempt from  
 24 assessment, total medical benefits paid for medical treatment rendered to an injured worker, including hospital  
 25 treatment and prescription drugs.

26 (3) Each plan No. 1 employer, plan No. 2 insurer subject to the provisions of this section, and plan No.  
 27 3, the state fund, shall file annually on March 1 in the form and containing the information required by the  
 28 department a report of paid losses pursuant to subsection (2).

29 (4) Each employer enrolled under compensation plan No. 1, compensation plan No. 2, or compensation  
 30 plan No. 3, the state fund, shall pay a proportionate share of all costs of administering and regulating the

1 Workers' Compensation Act and the Occupational Disease Act of Montana and the statutory occupational safety  
2 acts that the department is required to administer, with the exception of the subsequent injury fund, as provided  
3 for in 39-71-907, and the uninsured employers' fund. In addition, compensation plan No. 3, the state fund, shall  
4 pay a proportionate share of these costs based upon paid losses for claims arising before July 1, 1990.

5 (5) (a) Each employer enrolled under compensation plan No. 1 shall pay an assessment to fund  
6 administrative and regulatory costs. The assessment is equal to 3% of the paid losses paid in the preceding  
7 calendar year by or on behalf of the plan No. 1 employer or \$500, whichever is greater. Any entity, other than  
8 the department, that assumes the obligations of an employer enrolled under compensation plan No. 1 is  
9 considered to be the employer for the purposes of this section.

10 (b) An employer formerly enrolled under compensation plan No. 1 shall pay an assessment to fund  
11 administrative and regulatory costs. The assessment is equal to 3% of the paid losses paid in the preceding  
12 calendar year by or on behalf of the employer for claims arising out of the time when the employer was enrolled  
13 under compensation plan No. 1.

14 (c) Payment of the assessment provided for by this subsection (5) must be paid by the employer in:

15 (i) one installment due on July 1; or

16 (ii) two equal installments due on July 1 and December 31 of each year.

17 (d) If an employer fails to timely pay to the department the assessment under this section, the  
18 department may impose on the employer an administrative fine of \$500 plus interest on the delinquent amount  
19 at the annual interest rate of 12%. Administrative fines and interest must be deposited in the workers'  
20 compensation administration fund.

21 (6) (a) Compensation plan No. 3, the state fund, shall pay an assessment to fund administrative and  
22 regulatory costs attributable to claims arising before July 1, 1990. The assessment is equal to 3% of the paid  
23 losses paid in the preceding calendar year for claims arising before July 1, 1990. As required by 39-71-2352,  
24 the state fund may not pass along to insured employers the cost of the assessment for administrative and  
25 regulatory costs that is attributable to claims arising before July 1, 1990.

26 (b) Payment of the assessment must be paid in:

27 (i) one installment due on July 1; or

28 (ii) two equal installments due on July 1 and December 31 of each year.

29 (c) If the state fund fails to timely pay to the department the assessment under this section, the  
30 department may impose on the state fund an administrative fine of \$500 plus interest on the delinquent amount

1 at the annual interest rate of 12%. Administrative fines and interest must be deposited in the workers'  
2 compensation administration fund.

3 (7) (a) Each employer insured under compensation plan No. 2 or plan No. 3, the state fund, shall pay  
4 a premium surcharge to fund administrative and regulatory costs. The premium surcharge must be collected by  
5 each plan No. 2 insurer and by plan No. 3, the state fund, from each employer that it insures. The premium  
6 surcharge must be stated as a separate cost on an insured employer's policy or on a separate document  
7 submitted to the insured employer and must be identified as "workers' compensation regulatory assessment  
8 surcharge". The premium surcharge must be excluded from the definition of premiums for all purposes, including  
9 computation of insurance producers' commissions or premium taxes. However, an insurer may cancel a workers'  
10 compensation policy for nonpayment of the premium surcharge. When collected, assessments may not  
11 constitute an element of loss for the purpose of establishing rates for workers' compensation insurance but, for  
12 the purpose of collection, must be treated as a separate cost imposed upon insured employers.

13 (b) The amount to be funded by the premium surcharge is equal to 3% of the paid losses paid in the  
14 preceding calendar year by or on behalf of all plan No. 2 insurers and 3% of paid losses for claims arising on  
15 or after July 1, 1990, for plan No. 3, the state fund, plus or minus any adjustments as provided by subsection  
16 (7)(f). The amount to be funded must be divided by the total premium paid by all employers enrolled under  
17 compensation plan No. 2 or plan No. 3 during the preceding calendar year. A single premium surcharge rate,  
18 applicable to all employers enrolled in compensation plan No. 2 or plan No. 3, must be calculated annually by  
19 the department by not later than April 30. The resulting rate, expressed as a percentage, is levied against the  
20 premium paid by each employer enrolled under compensation plan No. 2 or plan No. 3 in the next fiscal year.

21 (c) On or before April 30, 2001, and on each succeeding April 30, the department, in consultation with  
22 the advisory organization designated pursuant to 33-16-1023, shall notify plan No. 2 insurers and plan No. 3,  
23 the state fund, of the premium surcharge percentage to be effective for policies written or renewed annually on  
24 and after July 1 of that year.

25 (d) The premium surcharge must be paid whenever the employer pays a premium to the insurer. Each  
26 insurer shall collect the premium surcharge levied against every employer that it insures. Each insurer shall pay  
27 to the department all money collected as a premium surcharge within 20 days of the end of the calendar quarter  
28 in which the money was collected. If an insurer fails to timely pay to the department the premium surcharge  
29 collected under this section, the department may impose on the insurer an administrative fine of \$500 plus  
30 interest on the delinquent amount at the annual interest rate of 12%. Administrative fines and interest must be

1 deposited in the workers' compensation administration fund.

2 (e) If an employer fails to remit to an insurer the total amount due for the premium and premium  
3 surcharge, the amount received by the insurer must be applied to the premium surcharge first and the remaining  
4 amount applied to the premium due.

5 (f) The amount actually collected as a premium surcharge in a given year must be compared to the 3%  
6 of paid losses paid in the preceding year. Any amount collected in excess of the 3% must be deducted from the  
7 amount to be collected as a premium surcharge in the following year. The amount collected that is less than the  
8 3% must be added to the amount to be collected as a premium surcharge in the following year.

9 (8) On or before April 30, ~~2001, and on or of each succeeding April 30 year~~, upon a determination by the  
10 department, an insurer under compensation plan No. 2 that pays benefits in the preceding calendar year but that  
11 will not collect any premium for coverage in the following fiscal year shall pay an assessment equal to 3% of paid  
12 losses paid in the preceding calendar year, subject to a minimum assessment of \$500, that is due on July 1.

13 (9) An employer that makes a first-time application for permission to enroll under compensation plan  
14 No. 1 shall pay an assessment of \$500 within 15 days of being granted permission by the department to enroll  
15 under compensation plan No. 1.

16 (10) The department shall deposit all funds received pursuant to this section in the state treasury, as  
17 provided in this section.

18 (11) The administration fund must be debited with expenses incurred by the department in the general  
19 administration of the provisions of this chapter, including the salaries of its members, officers, and employees  
20 and the travel expenses of the members, officers, and employees, as provided for in 2-18-501 through 2-18-503,  
21 incurred while on the business of the department either within or without the state.

22 (12) Disbursements from the administration money must be made after being approved by the  
23 department upon claim for disbursement.

24 (13) The department may assess and collect the workers' compensation regulatory assessment  
25 surcharge from uninsured employers, as defined in 39-71-501, that fail to properly comply with the coverage  
26 requirements of the Workers' Compensation Act ~~and the Occupational Disease Act of Montana~~. Any amounts  
27 collected by the department pursuant to this subsection must be deposited in the workers' compensation  
28 administration fund."

29

30 **Section 14.** Section 39-71-206, MCA, is amended to read:



1           **"39-71-206. Legal advisers of department and state fund -- investigative and prosecution**  
 2 **services.** (1) The attorney general is the legal adviser of the department and the state fund and shall represent  
 3 either entity in all proceedings if requested by the department or state fund. The department and state fund may  
 4 employ other attorneys or legal advisers as they consider necessary.

5           (2) As provided in 2-15-2015, the attorney general shall provide investigative and prosecution services  
 6 to the state fund with respect to violations of ~~Title 39, chapters~~ this chapter 71 and 72."

7

8           **Section 15.** Section 39-71-211, MCA, is amended to read:

9           **"39-71-211. Fraud detection and prevention unit -- expenditure accounting.** (1) The state fund shall  
 10 establish a fraud prevention and detection unit. The unit is responsible for developing detection and prevention  
 11 procedures, providing detection services, and providing training in the prevention and detection of fraudulent  
 12 conduct under Title 39, ~~chapters~~ chapter 71 and 72, that is subject to prosecution under Title 45. The unit shall  
 13 refer all cases of suspected fraudulent conduct to the workers' compensation fraud investigation and prosecution  
 14 office established in 2-15-2015.

15           (2) The state fund shall expend money to investigate fraud pursuant to this section and shall separately  
 16 account for money expended."

17

18           **Section 16.** Section 39-71-315, MCA, is amended to read:

19           **"39-71-315. Prohibited actions -- penalty.** (1) The following actions by a medical provider constitute  
 20 violations and are subject to the penalty in subsection (2):

21           (a) failing to document, under oath, the provision of the services or treatment for which compensation  
 22 is claimed under ~~chapter 72 or~~ this chapter; or

23           (b) referring a worker for treatment or diagnosis of an injury or illness that is compensable under ~~chapter~~  
 24 ~~72 or~~ this chapter to a facility owned wholly or in part by the provider, unless the provider informs the worker of  
 25 the ownership interest and provides the name and address of alternate facilities, if any exist.

26           (2) A person who violates this section may be assessed a penalty of not less than \$200 or more than  
 27 \$500 for each offense. The department shall assess and collect the penalty. Penalties collected pursuant to this  
 28 section must be paid into the state general fund. The workers' compensation court has jurisdiction over actions  
 29 brought to collect the penalty and over disputes concerning the penalty assessment. Disputes brought pursuant  
 30 to this section are not subject to mediation.

1 (3) Subsection (1)(b) does not apply to medical services provided to an injured worker by a treating  
2 physician with an ownership interest in a managed care organization that has been certified by the department."  
3

4 **Section 17.** Section 39-71-316, MCA, is amended to read:

5 **"39-71-316. Filing true claim -- obtaining benefits through deception or other fraudulent means.**

6 (1) A person filing a claim under ~~chapter 72~~ or this chapter, by signing the claim, affirms the information filed is  
7 true and correct to the best of that person's knowledge.

8 (2) (a) A person who obtains or assists in obtaining benefits to which the person is not entitled or who  
9 obtains or assists another person in obtaining benefits to which the other person is not entitled under ~~chapter~~  
10 ~~72~~ or this chapter is guilty of theft and may be prosecuted under 45-6-301. A county attorney or the attorney  
11 general may initiate criminal proceedings against the person. This subsection includes but is not limited to a  
12 person who is receiving temporary total disability benefits, permanent total disability benefits, or rehabilitation  
13 benefits while working without the knowledge and concurrence of the insurer.

14 (b) As used in subsection (2)(a), "person" includes but is not limited to an employee, employer, insurer,  
15 or medical service provider.

16 (3) (a) The department may require a person convicted of theft under 45-6-301(5) to pay to the  
17 department an amount equal to 10 times the amount paid by an insurer on the false claim, provided that the  
18 amount does not exceed \$50,000. If upon demand of the department the person refuses to pay the fine, the  
19 department may petition the workers' compensation court to collect the money owed.

20 (b) The department shall:

21 (i) use the money collected pursuant to subsection (3)(a) to administer and enforce the provisions of  
22 this section; and

23 (ii) forward any surplus money to the department of justice. The forwarded money must be used  
24 exclusively for the staffing and operation of the workers' compensation fraud investigation and prosecution office  
25 established in 2-15-2015.

26 (c) This section does not limit an insurer's civil remedies to collect for money paid to a person convicted  
27 under 45-6-301(5).

28 (4) A person licensed under the provisions of Title 37 is subject to suspension, revocation, or denial of  
29 a license if the person knowingly claims or assists in the claiming of benefits in violation of the provisions of  
30 ~~chapter 72~~ or this chapter."

1

2 **Section 18.** Section 39-71-317, MCA, is amended to read:

3 **"39-71-317. Employer not to terminate worker for filing claim -- preference -- jurisdiction over**  
 4 **dispute.** (1) An employer may not use as grounds for terminating a worker the filing of a claim under ~~chapter~~  
 5 ~~72~~ of this chapter. The district court has exclusive jurisdiction over disputes concerning the grounds for  
 6 termination under this section.

7 (2) When an injured worker is capable of returning to work within 2 years from the date of injury and  
 8 has received a medical release to return to work, the worker must be given a preference over other applicants  
 9 for a comparable position that becomes vacant if the position is consistent with the worker's physical condition  
 10 and vocational abilities.

11 (3) This preference applies only to employment with the employer for whom the employee was working  
 12 at the time the injury occurred.

13 (4) The workers' compensation court has exclusive jurisdiction to administer or resolve a dispute  
 14 concerning the reemployment preference under this section. A dispute concerning the reemployment preference  
 15 is not subject to mediation or a contested case hearing."  
 16

17 **Section 19.** Section 39-71-403, MCA, is amended to read:

18 **"39-71-403. Plan three exclusive for state agencies -- election of plan by public corporations --**  
 19 **financing of self-insurance fund -- exemption for university system -- definition.** (1) Except as provided in  
 20 subsection (5), if a state agency is the employer, the terms, conditions, and provisions of compensation plan No.  
 21 3, state fund, are exclusive, compulsory, and obligatory upon both employer and employee. Any sums necessary  
 22 to be paid under the provisions of this chapter by a state agency are considered to be ordinary and necessary  
 23 expenses of the agency. The agency shall ~~make appropriation of and~~ pay the sums into the state fund at the  
 24 time and in the manner provided for in this chapter, notwithstanding that the state agency may have failed to  
 25 anticipate the ordinary and necessary expense in a budget, estimate of expenses, appropriations, ordinances,  
 26 or otherwise.

27 (2) A public corporation, other than a state agency, may elect coverage under compensation plan No.  
 28 1, plan No. 2, or plan No. 3, separately or jointly with any other public corporation, other than a state agency. A  
 29 public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds or notes pursuant  
 30 to subsection (3)(b). A public corporation electing compensation plan No. 1 is subject to the same provisions as

1 a private employer electing compensation plan No. 1.

2 (3) (a) A public corporation, other than a state agency, that elects plan No. 1 may establish a fund  
3 sufficient to pay the compensation and benefits provided for in ~~chapter 72~~ and this chapter and to discharge all  
4 liabilities that are reasonably incurred during the fiscal year for which the election is effective. Proceeds from the  
5 fund must be used only to pay claims covered by ~~chapter 72~~ and this chapter and for actual and necessary  
6 expenses required for the efficient administration of the fund, including debt service on any bonds and notes  
7 issued pursuant to subsection (3)(b).

8 (b) (i) A public corporation, other than a state agency, separately or jointly with another public  
9 corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of establishing,  
10 in whole or in part, the self-insurance workers' compensation fund provided for in subsection (3)(a) and to pay  
11 the costs associated with the sale and issuance of the bonds. Bonds and notes may be issued in an amount not  
12 exceeding 0.18% of the total assessed value of taxable property, determined as provided in 15-8-111, of the  
13 public corporation as of the date of issue. The bonds and notes must be authorized by resolution of the  
14 governing body of the public corporation and are payable from an annual property tax levied in the amount  
15 necessary to pay principal and interest on the bonds or notes. This authority to levy an annual property tax exists  
16 despite any provision of law or maximum levy limitation, including 15-10-420, to the contrary. The revenue  
17 derived from the sale of the bonds and notes may not be used for any other purpose.

18 (ii) The bonds and notes:

19 (A) may be sold at public or private sale;

20 (B) do not constitute debt within the meaning of any statutory debt limitation; and

21 (C) may contain other terms and provisions that the governing body determines.

22 (iii) Two or more public corporations, other than state agencies, may agree to exercise their respective  
23 borrowing powers jointly under this subsection (3)(b) or may authorize a joint board to exercise the powers on  
24 their behalf.

25 (iv) The fund established from the proceeds of bonds and notes issued and sold under this subsection  
26 (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate excess insurance,  
27 or any other form of additional security necessary to demonstrate the public corporation's ability to discharge  
28 all liabilities as provided in subsection (3)(a). Subject to the total assessed value limitation in subsection (3)(b)(i),  
29 a public corporation may issue bonds and notes to establish a fund sufficient to discharge liabilities for periods  
30 greater than 1 year.

1 (4) All money in the fund established under subsection (3)(a) not needed to meet immediate  
2 expenditures must be invested by the governing body of the public corporation or the joint board created by two  
3 or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment must be  
4 credited to the fund.

5 (5) The provisions of subsection (1) do not apply to the Montana university system.

6 (6) As used in subsections (2) through (4), "public corporation" includes the Montana university system."  
7

8 **Section 20.** Section 39-71-407, MCA, is amended to read:

9 **"39-71-407. Liability of insurers -- limitations.** (1) ~~Each~~ For workers' compensation injuries, each  
10 insurer is liable for the payment of compensation, in the manner and to the extent provided in this section, to an  
11 employee of an employer covered under plan No. 1, plan No. 2, and the state fund under plan No. 3 that it  
12 insures who receives an injury arising out of and in the course of employment or, in the case of death from the  
13 injury, to the employee's beneficiaries, if any.

14 (2) (a) An insurer is liable for an injury, as defined in 39-71-119, if the injury is established by objective  
15 medical findings and if the claimant establishes that it is more probable than not that:

16 (i) a claimed injury has occurred; or

17 (ii) a claimed injury aggravated a preexisting condition.

18 (b) Proof that it was medically possible that a claimed injury occurred or that the claimed injury  
19 aggravated a preexisting condition is not sufficient to establish liability.

20 (3) (a) An employee who suffers an injury or dies while traveling is not covered by this chapter unless:

21 (i) the employer furnishes the transportation or the employee receives reimbursement from the employer  
22 for costs of travel, gas, oil, or lodging as a part of the employee's benefits or employment agreement and the  
23 travel is necessitated by and on behalf of the employer as an integral part or condition of the employment; or

24 (ii) the travel is required by the employer as part of the employee's job duties.

25 (b) A payment made to an employee under a collective bargaining agreement, personnel policy manual,  
26 or employee handbook or any other document provided to the employee that is not wages but is designated as  
27 an incentive to work at a particular jobsite is not a reimbursement for the costs of travel, gas, oil, or lodging, and  
28 the employee is not covered under this chapter while traveling.

29 (4) An employee is not eligible for benefits otherwise payable under this chapter if the employee's use  
30 of alcohol or drugs not prescribed by a physician is the major contributing cause of the accident. However, if the

1 employer had knowledge of and failed to attempt to stop the employee's use of alcohol or drugs, this subsection  
2 does not apply.

3 (5) If a claimant who has reached maximum healing suffers a subsequent nonwork-related injury to the  
4 same part of the body, the workers' compensation insurer is not liable for any compensation or medical benefits  
5 caused by the subsequent nonwork-related injury.

6 (6) An employee is not eligible for benefits payable under this chapter unless the entitlement to benefits  
7 is established by objective medical findings that contain sufficient factual and historical information concerning  
8 the relationship of the worker's condition to the original injury.

9 (7) For occupational diseases, every employer enrolled under plan No. 1, every insurer under plan No.  
10 2, or the state fund under plan No. 3 is liable for the payment of compensation, in the manner and to the extent  
11 provided in this chapter, to an employee of an employer covered under plan No. 1, plan No. 2, or the state fund  
12 under plan No. 3 with an occupational disease that arises out of or is contracted in the course and scope of  
13 employment.

14 (8) Occupational diseases are considered to arise out of employment or be contracted in the course  
15 and scope of employment if:

16 (a) the occupational disease is established by objective medical findings; and

17 (b) the events occurring on more than a single day or work shift are more than 50% responsible for THE  
18 MAJOR CONTRIBUTING CAUSE OF the occupational disease in relation to other factors contributing to the  
19 occupational disease.

20 (9) When compensation is payable for an occupational disease, the only employer liable is the employer  
21 in whose employment the employee was last injuriously exposed to the hazard of the disease.

22 (10) When there is more than one insurer and only one employer at the time that the employee was  
23 injuriously exposed to the hazard of the disease, the liability rests with the insurer providing coverage at the  
24 earlier of:

25 (a) the time that the occupational disease was first diagnosed by a treating physician or medical panel;

26 or

27 (b) the time that the employee knew or should have known that the condition was the result of an  
28 occupational disease.

29 (11) In the case of pneumoconiosis, any coal mine operator who has acquired a mine in the state or  
30 substantially all of the assets of a mine from a person who was an operator of the mine on or after December

1 30, 1969, is liable for and shall secure the payment of all benefits that would have been payable by that person  
 2 with respect to miners previously employed in the mine if acquisition had not occurred and that person had  
 3 continued to operate the mine, and the prior operator of the mine is not relieved of any liability under this section.

4 ~~(7)~~(12) As used in this section, "major contributing cause" means a cause that is the leading cause  
 5 contributing to the result when compared to all other contributing causes."  
 6

7 **Section 21.** Section 39-71-416, MCA, is amended to read:

8 **"39-71-416. Benefit reduction for third-party recovery.** (1) If an employee is injured or dies and  
 9 obtains a third-party recovery, settlement, or award, an insurer may reduce by 30% the benefits paid or that are  
 10 required to be paid to the employee or beneficiary pursuant to this chapter ~~71 or 72~~ as a result of the injury or  
 11 death. The reduction applies to any recovery, settlement, or award regardless of the form of action or the nature  
 12 of damages. The total of any reductions may not exceed 30% of any third-party recovery, settlement, or award.

13 (2) This section does not limit or prohibit an insurer's right to pursue subrogation pursuant to 39-71-414.

14 (3) If an insurer is entitled to subrogation pursuant to 39-71-414, the amount subrogated must be offset  
 15 by any reduction in benefits pursuant to subsection (1)."  
 16

17 **Section 22.** Section 39-71-525, MCA, is amended to read:

18 **"39-71-525. Confidentiality of records -- exception for use by public employees.** Information  
 19 obtained from any individual under this part is confidential and may not be disclosed, sold, or opened to public  
 20 inspection except to department employees when necessary to allow them to perform their public duties under  
 21 Title 39, ~~chapters~~ chapter ~~71 and 72~~, or to provide relevant and necessary information to other public entities  
 22 or pursuant to a subpoena issued upon a showing of compelling state interest."  
 23

24 **Section 23.** Section 39-71-601, MCA, is amended to read:

25 **"39-71-601. Statute of limitation on presentment of claim -- waiver.** (1) ~~In case of personal injury~~  
 26 ~~or death~~ Except for a claim for benefits for occupational diseases pursuant to subsections (3) and (4), all claims  
 27 in the case of personal injury or death must be forever barred unless signed by the claimant or the claimant's  
 28 representative and presented in writing to the employer, the insurer, or the department, as the case may be,  
 29 within 12 months from the date of the happening of the accident, either by the claimant or someone legally  
 30 authorized to act on the claimant's behalf.

1 (2) The insurer may waive the time requirement up to an additional 24 months upon a reasonable  
2 showing by the claimant of:

3 (a) lack of knowledge of disability;

4 (b) latent injury; or

5 (c) equitable estoppel.

6 (3) When a claimant seeks benefits for an occupational disease, the claimant's claims for benefits must  
7 be presented in writing to the employer, the employer's insurer, or the department within 1 year from the date  
8 that the claimant knew or should have known that the claimant's condition resulted from an occupational  
9 disease. When a beneficiary seeks benefits under this chapter, claims for death benefits must be presented in  
10 writing to the employer, the employer's insurer, or the department within 1 year from the date that the beneficiary  
11 knew or should have known that the decedent's death was related to an occupational disease.

12 ~~(3)~~(4) Any dispute regarding the statute of limitations for filing time is considered a dispute that, after  
13 mediation pursuant to department rules, is subject to jurisdiction of the workers' compensation court."  
14

15 **Section 24.** Section 39-71-603, MCA, is amended to read:

16 **"39-71-603. Notice of injuries other than death to be submitted within thirty days -- exception.**

17 (1) A claim to recover benefits under the Workers' Compensation Act for injuries not resulting in death may not  
18 be considered compensable unless, within 30 days after the occurrence of the accident that is claimed to have  
19 caused the injury, notice of the time and place where the accident occurred and the nature of the injury is given  
20 to the employer or the employer's insurer by the injured employee or someone on the employee's behalf. Actual  
21 knowledge of the accident and injury on the part of the employer or the employer's managing agent or  
22 superintendent in charge of the work in which the injured employee was engaged at the time of the injury is  
23 equivalent to notice.

24 (2) If a sole proprietor, partner, manager of a manager-managed limited liability company, member of  
25 a member-managed limited liability company, or corporate officer covered under this chapter is injured in an  
26 accident, the sole proprietor, partner, manager, member, or corporate officer or an appointed designee shall,  
27 within 30 days, notify the insurer of the time and location of the accident and the nature of the injury.

28 (3) This section does not apply to occupational diseases."  
29

30 **Section 25.** Section 39-71-612, MCA, is amended to read:



1           **"39-71-612. Costs and attorney fees that may be assessed against insurer by workers'**  
 2 **compensation judge -- barring of attorney fees under common fund or other doctrines.** (1) If an insurer  
 3 pays or submits a written offer of payment of compensation under this chapter ~~71 or 72 of this title~~ but  
 4 controversy relates to the amount of compensation due, the case is brought before the workers' compensation  
 5 judge for adjudication of the controversy, and the award granted by the judge is greater than the amount paid  
 6 or offered by the insurer, reasonable attorney fees and costs as established by the workers' compensation judge  
 7 if the case has gone to a hearing may be awarded by the judge in addition to the amount of compensation.

8           (2) An award of attorney fees under subsection (1) may be made only if it is determined that the actions  
 9 of the insurer were unreasonable. Any written offer of payment made 30 days or more before the date of hearing  
 10 must be considered a valid offer of payment for the purposes of this section.

11           (3) A finding of unreasonableness against an insurer made under this section does not constitute a  
 12 finding that the insurer acted in bad faith or violated the unfair trade practices provisions of Title 33, chapter 18.

13           (4) Attorney fees may be awarded only under the provisions of subsections (1) and (2) and may not be  
 14 awarded under the common fund doctrine or any other action or doctrine in law or equity."  
 15

16           **Section 26.** Section 39-71-743, MCA, is amended to read:

17           **"39-71-743. Assignment or attachment of payments.** (1) Payments under this chapter may not be  
 18 assignable, subject to attachment or garnishment, or held liable in any way for debts, except:

19           (a) as provided in 71-3-1118;

20           (b) a portion of any lump-sum award or periodic payment to pay a monetary obligation for current or  
 21 past-due child support, subject to the limitations in subsection (2), whenever the support obligation is established  
 22 by order of a court of competent jurisdiction or by order rendered in an administrative process authorized by state  
 23 law; or

24           (c) as provided in 53-2-612 or 53-2-613 for medical benefits paid pursuant to ~~chapter 71 or 72 of this~~  
 25 ~~title~~ chapter.

26           (2) Payments under this chapter are subject to assignment, attachment, or garnishment for child support  
 27 as follows:

28           (a) for any periodic payment, an amount up to the percentage amount established in the guidelines  
 29 promulgated by the department of public health and human services pursuant to 40-5-209; or

30           (b) for any lump-sum award, an amount up to that portion of the award that is approved for payment

1 on the basis of a past-due child support obligation.

2 (3) After determination that the claim is covered under the Workers' Compensation Act or ~~Occupational~~  
3 ~~Disease Act of Montana~~, the liability for payment of the claim is the responsibility of the appropriate workers'  
4 compensation insurer. Except as provided in 39-71-704(7), a fee or charge is not payable by the injured worker  
5 for treatment of injuries sustained if liability is accepted by the insurer."

6

7 **Section 27.** Section 39-71-915, MCA, is amended to read:

8 **"39-71-915. Assessment of insurer -- employers -- definition -- collection.** (1) As used in this  
9 section, "paid losses" means the following benefits paid during the preceding calendar year for injuries covered  
10 by the ~~Montana Workers' Compensation Act and the Occupational Disease Act of Montana~~ without regard to  
11 the application of any deductible, regardless of whether the employer or the insurer pays the losses:

12 (a) total compensation benefits paid; and

13 (b) except for medical benefits in excess of \$200,000 for each occurrence that are exempt from  
14 assessment, total medical benefits paid for medical treatment rendered to an injured worker, including hospital  
15 treatment and prescription drugs.

16 (2) The fund must be maintained by assessing each plan No. 1 employer, each employer insured by  
17 a plan No. 2 insurer, plan No. 3, the state fund, with respect to claims arising before July 1, 1990, and each  
18 employer insured by plan No. 3, the state fund. The assessment amount is the total amount of paid losses  
19 reimbursed from the fund in the preceding calendar year and the expenses of administration less other income.  
20 The total assessment amount to be collected must be allocated among plan No. 1 employers, plan No. 2  
21 employers, plan No. 3, the state fund, and plan No. 3 employers, based on a proportionate share of paid losses  
22 for the calendar year preceding the year in which the assessment is collected. The board of investments shall  
23 invest the money of the fund, and the investment income must be deposited in the fund.

24 (3) On or before May 31 each year, the department shall notify each plan No. 1 employer, plan No. 2  
25 insurer, and plan No. 3, the state fund, of the amount to be assessed for the ensuing fiscal year. The amount  
26 to be assessed against the state fund must separately identify the amount attributed to claims arising before July  
27 1, 1990, and the amount attributable to state fund claims arising on or after July 1, 1990. On or before April 30  
28 each year, the department, in consultation with the advisory organization designated under 33-16-1023, shall  
29 notify plan No. 2 insurers and plan No. 3 of the premium surcharge rate to be effective for policies written or  
30 renewed on and after July 1 in that year.

1 (4) The portion of the plan No. 1 assessment assessed against an individual plan No. 1 employer is a  
2 proportionate amount of total plan No. 1 paid losses during the preceding calendar year that is equal to the  
3 percentage that the total paid losses of the individual plan No. 1 employer bore to the total paid losses of all plan  
4 No. 1 employers during the preceding calendar year.

5 (5) The portion of the assessment attributable to state fund claims arising before July 1, 1990, is the  
6 proportionate amount that is equal to the percentage that total paid losses for those claims during the preceding  
7 calendar year bore to the total paid losses for all plans in the preceding calendar year. As required by  
8 39-71-2352, the state fund may not pass along to insured employers the cost of the subsequent injury fund  
9 assessment that is attributable to claims arising before July 1, 1990.

10 (6) The remaining portion of the assessment must be paid by way of a surcharge on premiums paid by  
11 employers being insured by a plan No. 2 insurer or plan No. 3, the state fund, for policies written or renewed  
12 annually on or after July 1. The surcharge rate must be computed by dividing the remaining portion of the  
13 assessment by the total amount of premiums paid by employers insured under plan No. 2 or plan No. 3 in the  
14 previous calendar year. The numerator for the calculation must be adjusted as provided by subsection (9).

15 (7) Each plan No. 2 insurer providing workers' compensation insurance and plan No. 3, the state fund,  
16 shall collect from its policyholders the assessment premium surcharge provided for in subsection (6). When  
17 collected, the assessment premium surcharge may not constitute an element of loss for the purpose of  
18 establishing rates for workers' compensation insurance but, for the purpose of collection, must be treated as  
19 separate costs imposed upon insured employers. The total of this assessment premium surcharge must be  
20 stated as a separate cost on an insured employer's policy or on a separate document submitted by the insured  
21 employer and must be identified as "workers' compensation subsequent injury fund surcharge". Each  
22 assessment premium surcharge must be shown as a percentage of the total workers' compensation policyholder  
23 premium. This assessment premium surcharge must be collected at the same time and in the same manner that  
24 the premium for the coverage is collected. The assessment premium surcharge must be excluded from the  
25 definition of premiums for all purposes, including computation of insurance producers' commissions or premium  
26 taxes, except that an insurer may cancel a workers' compensation policy for nonpayment of the assessment  
27 premium surcharge. Cancellation must be in accordance with the procedures applicable to the nonpayment of  
28 premium. If an employer fails to remit to an insurer the total amount due for the premium and assessment  
29 premium surcharge, the amount received by the insurer must be applied to the assessment premium surcharge  
30 first and the remaining amount applied to the premium due.

- 1 (8) (a) All assessments paid to the department must be deposited in the fund.
- 2 (b) Each plan No. 1 employer shall pay its assessment by July 1.
- 3 (c) Each plan No. 2 insurer and plan No. 3, the state fund, shall remit to the department all assessment  
4 premium surcharges collected during a calendar quarter by not later than 20 days following the end of the  
5 quarter.
- 6 (d) The state fund shall pay the portion of the assessment attributable to claims arising before July 1,  
7 1990, by July 1.
- 8 (e) If a plan No. 1 employer, a plan No. 2 insurer, or plan No. 3, the state fund, fails to timely pay to the  
9 department the assessment or assessment premium surcharge under this section, the department may impose  
10 on the plan No. 1 employer, the plan No. 2 insurer, or plan No. 3, the state fund, an administrative fine of \$100  
11 plus interest on the delinquent amount at the annual interest rate of 12%. Administrative fines and interest must  
12 be deposited in the fund.
- 13 (9) The amount of the assessment premium surcharge actually collected pursuant to subsection (7)  
14 must be compared each year to the amount assessed and upon which the premium surcharge was calculated.  
15 The amount undercollected or overcollected in any given year must be used as an adjustment to the numerator  
16 provided for by subsection (6) for the following year's assessment premium surcharge."

17  
18 **Section 28.** Section 39-71-1105, MCA, is amended to read:

19 **"39-71-1105. Managed care organizations -- application -- certification.** (1) A health care provider,  
20 a group of medical service providers, or an entity with a managed care organization may make written  
21 application to the department to become certified under this section to provide managed care to ~~injured~~ workers  
22 for injuries or occupational diseases that are covered under this chapter ~~or for occupational diseases that are~~  
23 ~~covered under the Occupational Disease Act of Montana.~~ However, this section does not authorize an  
24 organization that is formed, owned, or operated by a workers' compensation insurer or self-insured employer  
25 other than a health care provider to become certified to provide managed care. When a health care provider,  
26 a group of medical service providers, or an entity with a managed care organization is establishing a managed  
27 care organization and independent physical therapy practices exist in the community, the managed care  
28 organization is encouraged to utilize independent physical therapists as part of the managed care organization  
29 if the independent physical therapists agree to abide by all the applicable requirements for a managed care  
30 organization set forth in this section, in rules established by the department, and in the provisions of a managed

1 care plan for which certification is being sought.

2 (2) Each application for certification must be accompanied by an application fee if prescribed by the  
3 department. A certificate is valid for the period prescribed by the department, unless it is revoked or suspended  
4 at an earlier date.

5 (3) The department shall establish by rule the form for the application for certification and the required  
6 information regarding the proposed plan for providing medical services. The information includes but is not  
7 limited to:

8 (a) a list of names of each individual who will provide services under the managed care plan, together  
9 with appropriate evidence of compliance with any licensing or certification requirements for that individual to  
10 practice in the state;

11 (b) names of the individuals who will be designated as treating physicians and who will be responsible  
12 for the coordination of medical services;

13 (c) a description of the times, places, and manner of providing primary medical services under the plan;

14 (d) a description of the times, places, and manner of providing secondary medical services, if any, that  
15 the applicants wish to provide; and

16 (e) satisfactory evidence of the ability to comply with any financial requirements to ensure delivery of  
17 service in accordance with the plan that the department may require.

18 (4) The department shall certify a group of medical service providers or an entity with a managed care  
19 organization to provide managed care under a plan if the department finds that the plan:

20 (a) proposes to provide coordination of services that meet quality, continuity, and other treatment  
21 standards prescribed by the department and will provide all primary medical services that may be required by  
22 this chapter in a manner that is timely and effective for the worker;

23 (b) provides appropriate financial incentives to reduce service costs and utilization without sacrificing  
24 the quality of services;

25 (c) provides adequate methods of peer review and service utilization review to prevent excessive or  
26 inappropriate treatment, to exclude from participation in the plan those individuals who violate these treatment  
27 standards, and to provide for the resolution of any medical disputes that may arise;

28 (d) provides for cooperative efforts by the worker, the employer, the rehabilitation providers, and the  
29 managed care organization to promote an early return to work for the injured worker;

30 (e) provides a timely and accurate method of reporting to the department necessary information

1 regarding medical and health care service cost and utilization to enable the department to determine the  
2 effectiveness of the plan;

3 (f) authorizes workers to receive medical treatment from a primary care physician who is not a member  
4 of the managed care organization but who maintains the worker's medical records and with whom the worker  
5 has a documented history of treatment, if that primary care physician agrees to refer the worker to the managed  
6 care organization for any specialized treatment, including physical therapy, that the worker may require and if  
7 that primary care physician agrees to comply with all the rules, terms, and conditions regarding services  
8 performed by the managed care organization. As used in this subsection (4)(f), "primary care physician" means  
9 a physician who is qualified to be a treating physician and who is a family practitioner, a general practitioner, an  
10 internal medicine practitioner, or a chiropractor.

11 (g) complies with any other requirements determined by department rule to be necessary to provide  
12 quality medical services and health care to injured workers.

13 (5) The department shall refuse to certify or may revoke or suspend the certification of a health care  
14 provider, a group of medical service providers, or an entity with a managed care organization to provide  
15 managed care if the department finds that:

16 (a) the plan for providing medical care services fails to meet the requirements of this section; and  
17 (b) service under the plan is not being provided in accordance with the terms of a certified plan."

18

19 **Section 29.** Section 39-71-2401, MCA, is amended to read:

20 **"39-71-2401. Disputes -- jurisdiction -- settlement requirements -- mediation.** (1) A dispute  
21 concerning benefits arising under this chapter ~~or chapter 72~~, other than the disputes described in subsection (2),  
22 must be brought before a department mediator as provided in this part. If a dispute still exists after the parties  
23 satisfy the mediation requirements in this part, either party may petition the workers' compensation court for a  
24 resolution.

25 (2) A dispute arising under this chapter that does not concern benefits or a dispute for which a specific  
26 provision of this chapter gives the department jurisdiction must be brought before the department.

27 (3) An appeal from a department order may be made to the workers' compensation court.

28 (4) Except as otherwise provided in this chapter, before a party may bring a dispute concerning benefits  
29 before a mediator, the parties shall attempt to settle as follows:

30 (a) The party making a demand shall present the other party with a specific written demand that

1 contains sufficient explanation and documentary evidence to enable the other party to thoroughly evaluate the  
2 demand.

3 (b) The party receiving the demand shall respond in writing within 15 working days of receipt. If the  
4 demand is denied in whole or in part, the response shall state the basis of the denial.

5 (c) Upon motion of a party or upon the mediator's own motion, the mediator has the authority to dismiss  
6 a petition if he finds that either party did not comply with this subsection. A decision dismissing a petition under  
7 this subsection must be in writing and must state in detail the grounds for dismissal. The mediator's decision may  
8 be reviewed by the workers' compensation court upon motion of a party.

9 (d) Nothing in this subsection relieves a party of an obligation otherwise contained in this chapter."  
10

11 **Section 30.** Section 39-71-2406, MCA, is amended to read:

12 **"39-71-2406. Purpose.** The purpose of this part is to prevent when possible the filing in the workers'  
13 compensation court of actions by claimants or insurers relating to claims under ~~chapter 71 or 72 of this title~~  
14 chapter if an equitable and reasonable resolution of the dispute may be effected at an earlier stage. To achieve  
15 this purpose, this part provides for a procedure for mandatory, nonbinding mediation. It is the intent of this part  
16 that the mediation process be used to resolve cases on an informal basis at minimal cost to the parties, and to  
17 this end, the parties are required to fully present their cases at the mediation level. However, if a cause proceeds  
18 to the workers' compensation court, the parties are not precluded from presenting additional evidence before  
19 the court. If a new issue is raised at the workers' compensation court that was not raised at mediation, the court  
20 shall remand the issue to the mediator for consideration."  
21

22 **Section 31.** Section 39-71-2408, MCA, is amended to read:

23 **"39-71-2408. Mandatory, nonbinding mediation.** (1) Except as otherwise provided, in a dispute arising  
24 under ~~chapter 71 or 72 of this title~~ chapter, the insurer and claimant shall mediate any issue concerning benefits  
25 and the mediator shall issue a report following the mediation process recommending a solution to the dispute  
26 before either party may file a petition in the workers' compensation court.

27 (2) The resolution recommended by the mediator is without administrative or judicial authority and is  
28 not binding on the parties."  
29

30 **Section 32.** Section 39-71-2411, MCA, is amended to read:

1           **"39-71-2411. Mediation procedure.** (1) Except as otherwise provided, a claimant or an insurer having  
 2 a dispute relating to benefits under ~~chapter 71 or 72 of this title chapter~~ may petition the department for  
 3 mediation of the dispute.

4           (2) A party may take part in mediation proceedings with or without representation.

5           (3) The mediator shall review the department file for the case and may receive any additional  
 6 documentation or argument either party submits.

7           (4) The mediator shall request that each party offer argument summarizing the party's position. A party's  
 8 argument must fully present the party's case. The argument is not limited by the rules of evidence.

9           (5) After the parties have presented all their information and argument to the mediator, the mediator  
 10 shall recommend a solution to the parties within a reasonable time to be established by rule.

11           (6) A party shall notify the mediator within 25 days of the mailing of the mediator's report whether the  
 12 party accepts the mediator's recommendation. If either party does not accept the mediator's recommendation,  
 13 the party may petition the workers' compensation court for resolution of the dispute.

14           (7) (a) If a mediator determines that either party failed to cooperate in the mediation process, the  
 15 mediator shall prepare a written report setting forth the determination and the grounds for the determination. The  
 16 report must be mailed to the parties and to the workers' compensation court. Unless a party disputes the  
 17 determination as set forth in subsection (7)(c), the parties shall repeat the mediation process, but only one time.

18           (b) A mediator may determine that a party has failed to cooperate in the mediation process only if the  
 19 party failed to:

20           (i) supply information or offer a summary of the party's position as reasonably requested by the  
 21 mediator;

22           (ii) attend scheduled mediation conferences unless excused by the mediator; or

23           (iii) listen to and review the information and position offered by the opposing party.

24           (c) If a party disputes a mediator's determination that the party failed to cooperate in the mediation  
 25 process, the party may file a petition with the workers' compensation court. Upon receipt of a petition, the court  
 26 shall summon the parties and the mediator to determine by oral discussion whether the mediator's determination  
 27 of noncooperation is supportable. If the court finds that the mediator's determination is supportable, the court  
 28 may order the parties to attempt a second time to mediate their dispute."

29

30           **Section 33.** Section 39-73-104, MCA, is amended to read:



1           **"39-73-104. Eligibility requirements for benefits.** Payment shall ~~shall~~ must be made under this chapter  
2 to any person who:

3           (1) has silicosis, as defined in 39-73-101, ~~which that~~ results in his the person's total disability so as to  
4 render it impossible for ~~him~~ the person to follow continuously any substantially gainful occupation;

5           (2) has resided in and been an inhabitant of the state of Montana for 10 years or more immediately  
6 preceding the date of the application;

7           (3) is not receiving, with respect to any month for which ~~he~~ the person would receive a payment under  
8 this chapter, compensation under ~~The Occupational Disease Act of Montana, as provided by chapter 72 of this~~  
9 ~~title~~ [section 4], which will equal the sum of \$200."  
10

11           **Section 34.** Section 39-73-107, MCA, is amended to read:

12           **"39-73-107. Amount of payments.** Subject to the provisions of this chapter and the deductions  
13 provided in this chapter, any person who has silicosis and who has, subject to the regulations and standards of  
14 the department of labor and industry, been determined by the department to be entitled payment under this  
15 chapter for silicosis must be granted a payment by the department of \$250 a month, subject to any additional  
16 appropriations. If the person is receiving payments under ~~the Occupational Disease Act of Montana, as provided~~  
17 ~~by chapter 72 of this title, [section 4]~~ that are less in the aggregate than \$200, then the person is entitled to a  
18 payment under this chapter of the difference between the amount received under ~~the Occupational Disease Act~~  
19 ~~of Montana, as provided by chapter 72 of this title [section 4];~~ and \$250 a month. The legislature shall authorize  
20 additional appropriations that may be necessary to make the increased monthly payments provided in this  
21 section."  
22

23           **Section 35.** Section 45-6-301, MCA, is amended to read:

24           **"45-6-301. Theft.** (1) A person commits the offense of theft when the person purposely or knowingly  
25 obtains or exerts unauthorized control over property of the owner and:

26           (a) has the purpose of depriving the owner of the property;

27           (b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the  
28 owner of the property; or

29           (c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment  
30 probably will deprive the owner of the property.

1 (2) A person commits the offense of theft when the person purposely or knowingly obtains by threat or  
2 deception control over property of the owner and:

3 (a) has the purpose of depriving the owner of the property;

4 (b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the  
5 owner of the property; or

6 (c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment  
7 probably will deprive the owner of the property.

8 (3) A person commits the offense of theft when the person purposely or knowingly obtains control over  
9 stolen property knowing the property to have been stolen by another and:

10 (a) has the purpose of depriving the owner of the property;

11 (b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the  
12 owner of the property; or

13 (c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment  
14 probably will deprive the owner of the property.

15 (4) A person commits the offense of theft when the person purposely or knowingly obtains or exerts  
16 unauthorized control over any part of any public assistance provided under Title 52 or 53 by a state or county  
17 agency, regardless of the original source of assistance, by means of:

18 (a) a knowingly false statement, representation, or impersonation; or

19 (b) a fraudulent scheme or device.

20 (5) A person commits the offense of theft when the person purposely or knowingly obtains or exerts or  
21 helps another obtain or exert unauthorized control over any part of any benefits provided under Title 39, chapter  
22 ~~71 or 72~~, by means of:

23 (a) a knowingly false statement, representation, or impersonation; or

24 (b) deception or other fraudulent action.

25 (6) (a) A person commits the offense of theft when the person purposely or knowingly commits  
26 insurance fraud as provided in 33-1-1202 or 33-1-1302; or

27 (b) purposely or knowingly diverts or misappropriates insurance premiums as provided in 33-17-1102.

28 (7) A person commits the offense of theft of property by embezzlement when, with the purpose to  
29 deprive the owner of the property, the person:

30 (a) purposely or knowingly obtains or exerts unauthorized control over property of the person's employer

1 or over property entrusted to the person; or

2 (b) purposely or knowingly obtains by deception control over property of the person's employer or over  
3 property entrusted to the person.

4 (8) (a) A person convicted of the offense of theft of property not exceeding \$1,000 in value shall be fined  
5 an amount not to exceed \$1,000 or be imprisoned in the county jail for a term not to exceed 6 months, or both.  
6 A person convicted of a second offense shall be fined \$1,000 or be imprisoned in the county jail for a term not  
7 to exceed 6 months, or both. A person convicted of a third or subsequent offense shall be fined \$1,000 and be  
8 imprisoned in the county jail for a term of not less than 30 days or more than 6 months.

9 (b) Except as provided in subsection (8)(c), a person convicted of the offense of theft of property  
10 exceeding \$1,000 in value or theft of any commonly domesticated hoofed animal shall be fined an amount not  
11 to exceed \$50,000 or be imprisoned in a state prison for a term not to exceed 10 years, or both.

12 (c) A person convicted of the offense of theft of property exceeding \$10,000 in value by embezzlement  
13 shall be imprisoned in a state prison for a term of not less than 1 year or more than 10 years and may be fined  
14 an amount not to exceed \$50,000. The court may, in its discretion, place the person on probation with the  
15 requirement that restitution be made under terms set by the court. If the terms are not met, the required prison  
16 term may be ordered.

17 (9) Amounts involved in thefts committed pursuant to a common scheme or the same transaction,  
18 whether from the same person or several persons, may be aggregated in determining the value of the property."

19

20 **Section 36.** Section 71-3-1118, MCA, is amended to read:

21 **"71-3-1118. Applicability.** (1) Except as provided in subsection (2), this part does not apply to  
22 compensation awarded to workers for injury, disease, or death pursuant to the Workers' Compensation Act or  
23 ~~the Occupational Disease Act of Montana.~~

24 (2) This part applies to all payments awarded for medical, therapy, chiropractic, dentistry, counseling,  
25 and hospital services pursuant to the acts referred to in subsection (1).

26 (3) This part does not apply to any benefits payable under:

27 (a) a policy of life insurance or group life insurance;

28 (b) a contract of disability insurance, except benefits payable in reimbursement for services rendered  
29 by a physician, nurse, physical therapist, occupational therapist, chiropractor, dentist, psychologist, licensed  
30 social worker, licensed professional counselor, hospital, or ambulatory surgical facility; or

1 (c) an annuity contract or to pension benefits payable under a qualified pension plan."  
2

3 **Section 37.** Section 85-5-101, MCA, is amended to read:

4 **"85-5-101. Appointment of water commissioners.** (1) Whenever the rights of persons to use the  
5 waters of any stream, ditch or extension of ditch, watercourse, spring, lake, reservoir, or other source of supply  
6 have been determined by a decree of a court of competent jurisdiction, including temporary preliminary,  
7 preliminary, and final decrees issued by a water judge, it is the duty of the judge of the district court having  
8 jurisdiction of the subject matter, upon the application of the owners of at least 15% of the water rights affected  
9 by the decree, in the exercise of the judge's discretion, to appoint one or more commissioners. The  
10 commissioners have authority to admeasure and distribute to the parties owning water rights in the source  
11 affected by the decree the waters to which they are entitled, according to their rights as fixed by the decree and  
12 by any certificates and permits issued under chapter 2 of this title. When petitioners make proper showing that  
13 they are not able to obtain the application of the owners of at least 15% of the water rights affected and they are  
14 unable to obtain the water to which they are entitled, the judge of the district court having jurisdiction may appoint  
15 a water commissioner.

16 (2) When the existing rights of all appropriators from a source or in an area have been determined in  
17 a temporary preliminary decree, preliminary decree, or final decree issued under chapter 2 of this title, the judge  
18 of the district court may, upon application by both the department of natural resources and conservation and one  
19 or more holders of valid water rights in the source, appoint a water commissioner. The water commissioner shall  
20 distribute to the appropriators, from the source or in the area, the water to which they are entitled.

21 (3) The department of natural resources and conservation or any person or corporation operating under  
22 contract with the department or any other owner of stored waters may petition the court to have stored waters  
23 distributed by the water commissioners appointed by the district court. The court may order the commissioner  
24 or commissioners appointed by the court to distribute stored water when and as released to water users entitled  
25 to the use of the water.

26 (4) At the time of the appointment of a water commissioner or commissioners, the district court shall  
27 fix their compensation, require a commissioner or commissioners to purchase a workers' compensation  
28 insurance policy and elect coverage on themselves, and require the owners and users of the distributed waters,  
29 including permittees and certificate holders, to pay their proportionate share of fees and compensation, including  
30 the cost of workers' compensation insurance purchased by a water commissioner or commissioners. The judge

1 may include the department in the apportionment of costs if it applied for the appointment of a water  
2 commissioner under subsection (2).

3 (5) Upon the application of the board or boards of one or more irrigation districts entitled to the use of  
4 water stored in a reservoir that is turned into the natural channel of any stream and withdrawn or diverted at a  
5 point downstream for beneficial use, the district court of the judicial district where the most irrigable acres of the  
6 irrigation district or districts are situated may appoint a water commissioner to equitably admeasure and  
7 distribute stored water to the irrigation district or districts from the channel of the stream into which it has been  
8 turned. A commissioner appointed under this subsection has the powers of any commissioner appointed under  
9 this chapter, limited only by the purposes of this subsection. A commissioner's compensation is set by the  
10 appointing judge and paid by each district and other users of stored water affected by the admeasurement and  
11 distribution of the stored water. In all other matters the provisions of this chapter apply so long as they are  
12 consistent with this subsection.

13 (6) A water commissioner appointed by a district court is not an employee of the judicial branch, a local  
14 government, or a water user.

15 (7) A water commissioner who fails to obtain workers' compensation insurance coverage required by  
16 subsection (4) is precluded from receiving benefits under Title 39, chapter 71 ~~or 72~~, as a result of the  
17 performance of duties as a water commissioner."  
18

19 **NEW SECTION. Section 38. Repealer.** Sections 39-72-101, 39-72-102, 39-72-103, 39-72-201,  
20 39-72-202, 39-72-203, 39-72-204, 39-72-206, 39-72-301, 39-72-302, 39-72-303, 39-72-305, 39-72-310,  
21 39-72-401, 39-72-402, 39-72-403, 39-72-404, 39-72-405, 39-72-408, 39-72-509, 39-72-601, 39-72-602,  
22 39-72-606, 39-72-607, 39-72-608, 39-72-701, 39-72-703, 39-72-704, 39-72-705, 39-72-706, 39-72-707,  
23 39-72-708, 39-72-709, 39-72-711, 39-72-712, and 39-72-714, MCA, are repealed.  
24

25 **NEW SECTION. Section 39. Codification instruction.** (1) [Section 1] is intended to be codified as  
26 an integral part of Title 39, chapter 71, part 1, and the provisions of Title 39, chapter 71, part 1, apply to [section  
27 1].

28 (2) [Sections 2 through 5] are intended to be codified as an integral part of Title 39, chapter 71, part 7,  
29 and the provisions of Title 39, chapter 71, part 7, apply to [sections 2 through 5].  
30

