



December 3, 2024

The Honorable Joe Tate
 Speaker of the House
 Michigan House of Representatives

The Honorable Winnie Brinks
 Senate Majority Leader
 Michigan Senate

The Honorable Matt Hall
 House Minority Leader
 Michigan House of Representatives

The Honorable Aric Nesbitt
 Senate Minority Leader
 Michigan Senate

Dear Legislative Leaders:

As organizations representing hundreds of businesses, large and small, who in turn employ millions of Michiganders across the state, we ask that you **strongly oppose Senate Bills 1079-1080**, which make aggressive and costly changes to the workers' compensation statute.

For decades, Michigan's workers' compensation system has been a model of quick and efficient provision of benefits — at reasonable rates/cost to Michigan's employers. Unfortunately, Senate Bills 1079-1080 threaten to destroy fundamental principles of the law that have made this possible.

As a result of these changes, workers' compensation losses — and premiums — are expected to increase significantly. In addition to making Michigan a less competitive and desirable state to create or grow a business, the costs associated with this legislation will be felt by employees and customers alike through higher prices for goods and services and fewer career options, higher unemployment and/or stagnant wages.

While proponents would like lawmakers to believe the bill simply restores the law to its status prior to the 2011 statutory changes, we fundamentally disagree. SB 1079 destroys many of the foundational

principles of Michigan's Worker's Disability Compensation Act going back to its inception in 1912, including:

- **Wholly redefines the cornerstone definition of disability.** Senate Bill 1079 creates a wide open, unprecedented and nonsensical definition of “disability” that will lead to inappropriate and costly results.
- **Erases all-important distinction between degrees of disability.** SB 1079 eliminates the important distinction between degrees of disabilities. This means partially disabled individuals — *even if able to perform work* — to the same pay level of those have a total disability (unless wages are actually earned post injury). Furthermore, maximum benefit levels are increased by 10% under the legislation.
- **Guts work search obligations and wage-earning capacity.** SB 1079 removes language in the Act creating an “affirmative duty to seek work reasonably available to that employee, taking into consideration the limitations from the work-related personal injury of disease.” The bill also guts the “wage earning capacity” provisions that have been a term of art in workers’ compensation since 1912 — serving as the multi-factor factual inquiry to determine “disability.” SB1079 recasts the term to mean exclusively wages-actually-earned. Workers’ comp is intended to compensate lost wages attributable to a work injury and transfer that cost — and that cost alone — to employers. To not allow consideration of factors beyond wages-actually-earned means non-injury factors (e.g., a personal decision not to seek work within one’s restrictions or refuse jobs reasonably available, etc.) can no longer factor in. This will result in an outsized number of claims becoming costly permanent total loss claims.
- **Expands the types of claims that are compensable.** SB 1079 expands total and permanent benefits to the severe and permanent impairment of a function not responsive to treatment because of a neurocognitive disorder or a traumatic or stress-related disorder. These diagnoses are not objectively diagnosed and are very broad.
- **Creates a conclusive presumption of disability when an employee loses a job within 100 weeks of return to favored employment.**
- **Creates a new calculation for the addition of certain “discontinued fringe benefits” that would allow the comp rate to exceed 2/3 of state average weekly wage.**

For the reasons stated, we urge you to oppose Senate Bills 1079-1080.

CC: Members of the Michigan Senate and House