
Special Funds Overview

The Special Funds Unit is a grouping of individual Funds, with specific criteria and guidelines for admission to each, whose mission is to provide medical care and compensation payments to some of the most seriously injured workers in Colorado. Each Fund has its own funding sources.

Major Medical Insurance Fund

This Fund was enacted for industrial injuries occurring on or after July 1, 1971, and it is closed to injuries occurring on or after July 1, 1981. The initial threshold was \$7,500, but this was increased to \$20,000 on July 1, 1973. The intent was to provide a mechanism for funding medical expenses of catastrophically injured workers that would not place an impossible burden on the employer or insurance carrier. By imposing a premium surcharge on all carriers to support these funds, the cost of catastrophic cases is spread over all carriers rather than on just an unfortunate few. This is called cost/risk sharing. (In 1973, a medical expenditure of \$20,000 was considered catastrophic. In today's inflated dollars, an outpatient surgery can cost that much.) There is no cap on the dollar amount which can be expended.

Medical Disaster Insurance Fund

This Fund was established in 1965 to provide relief to employers and insurance companies who had expended a certain dollar amount in medical expenses on industrial injury cases. The limit at first was \$2,500, but it increased to \$3,500 on May 5, 1965. On May 27, 1967, the threshold was increased to \$5,000. There is a cap on the total dollars spent. Initially it was \$35,000, but it was increased to \$55,000 on July 1, 1983. There are presently eight (8) open cases remaining in this Fund.

Subsequent Injury Fund

This Fund, which is similar to "Second Injury Funds" in other states, was established by S.B. 205 and effective April 9, 1945. The initial intent of the Fund was to aid an employer who had hired an amputee, in order that, if that employee later sustained another amputation and was no longer able to work, the employer didn't have to pay the full cost of the total disability. The concept later developed to include relief for employers hiring a worker who had been permanently *partially* disabled from an industrial injury and then sustained another injury which resulted in permanent *total* disability.

The Subsequent Injury Fund paid the portion of the permanent disability which was attributable to all but the most recent injury. Thus, all of the claimants in this Fund are permanently totally disabled from more than one industrial injury.

The concept of "listed occupational diseases" being included in this Fund occurred at a later date. When a worker develops a listed occupational disease (anthracosis, silicosis, asbestosis, cancers or diseases from radioactive materials) and has documented exposure with more than one employer, the Subsequent Injury Fund (SIF) pays all of both medical and compensation (indemnity) expenses except the first \$10,000. The first \$10,000 must be spent by the carrier, employer or claimant before SIF becomes responsible for payments. This is similar to the "co-pay" or "deductible" concept. These cases represent approximately 15 percent of the total SIF cases.

The SIF closed to injuries occurring after July 1, 1993, and to occupational diseases occurring after April 1, 1994.



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Department of Labor and Employment

**DIVISION OF WORKERS'
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