

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for amendments adopted through April 8, 2014.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill, as amended, strikes the original provisions and incorporates three bills into LB 961:

- LB820 - Authorize the Governor to join the Great Plains Interstate Fire Compact for the prevention and control of forest fires.
- LB895 – Change compensation rate for certain volunteers under the Nebraska Workers' Compensation Act.
- LB951 - Change lump-sum settlement provisions under the Nebraska Workers' Compensation Act

LB's 895 and 951 have no fiscal impact.

The Nebraska Emergency Management Agency (NEMA) and the University of Nebraska do show a fiscal impact. LB961, as amended, states that the Governor “may” enter into a compact. It is also unclear whether NEMA or the State Forester will administer this compact. Therefore, any fiscal impact to NEMA or the University appears premature at this time.

The amended bill also increases the liability limit for the Nebraska Hospital-Medical Liability Act from \$1,750,000 for any occurrence to \$2,250,000 for any occurrence after December 31, 2014. The Department of Insurance (DOI) administers the act which allows health care providers to voluntarily participate in the Excess Liability Fund to obtain medical malpractice insurance coverage. These provisions are similar to LB's 862 and 893.

The increase in the amount recoverable under the act may increase expenditures of the Excess Liability Fund, which had a balance of \$91.5 million on 1/31/14. It is assumed the impact of the change in the cap in terms of paying higher claims will not occur for a couple of years, since it typically takes one to three years for a claim to be settled, according to the DOI. At the present time, it appears that the Excess Liability Fund has a balance that is sufficient to cover any increase in claims in the near future.

The act provides for a surcharge of up to 50% to be assessed annually on all health care providers covered by the act. The surcharge is currently set at 18% of the cost of underlying insurance in 2014. It is possible the surcharge could increase in the future if it is necessary to fund an increase in the amount of claims pursuant to the bill. The University of Nebraska pays the surcharge for liability coverage of its residents and fellows at UNMC. The University estimates the bill will not have a significant fiscal impact to pay increased surcharge expenses if they occur pursuant to the bill. If the surcharge is increased, the Excess Liability Fund will receive increased revenue to pay medical liability claims covered by the act.

LB373, as amended, was also amended into LB961. LB373 would change Nebraska Construction Prompt Pay Act provisions.

LB559, as amended, and LB559A were also amended into LB961. LB 559 amends the Employment Security Law to create the short-term compensation program. LB559A appropriated \$1,797,999 from Federal Funds for FY2014-15 and \$1,576,853 from Federal Funds for FY2015-16 to the Department of Labor.