

**FISCAL NOTE**  
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	581,570	227,176	63,609	945,051	1,817,406
FY2027-2028	600,524	234,580	65,682	975,852	1,876,638
FY2028-2029	600,524	234,580	65,682	975,852	1,876,638
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	908,703	908,703
FY2027-2028	0	0	0	938,319	938,319
FY2028-2029	0	0	0	938,319	938,319

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

LB 1056 amends workers compensation (WC) statutes to:

- 1) require employers to cover the cost of interpretation services related to medical, surgical, or hospital care;
- 2) allow an employee to select their own treating physician;
- 3) increase the total disability compensation rate from sixty-six and two-thirds percent to eighty percent and raises partial disability compensation from sixty-six and two-thirds percent to seventy-five percent;
- 4) clarify the classification and number of compensable workplace injuries;
- 5) establish a cost-of-living adjustment (COLA) for injured workers;
- 6) increase the maximum weekly income benefit to two hundred percent of the state average weekly wage, and raises the minimum weekly income benefit to fifty percent of the worker's weekly wage;
- 7) increase compensation available to surviving spouses and/or dependent children;
- 8) update various statutory dollar amounts; and
- 9) provide for ongoing cost-of living (COLA) adjustments.

The Workers Compensation Court reports no fiscal impact to its agency resulting from LB 1056.

The Department of Administrative Services (DAS) provides their methodology and detailed calculation to estimate the fiscal impact to the State of Nebraska.

Using an example of both a non-serious injury and a serious one, DAS provides data inputs to calculate an estimated median cost for interpretive services at \$5,625 annually.

DAS estimates that increasing indemnity compensation for total disability from 66 2/3% to 80% of average weekly wage would increase the State's workers' compensation costs for temporary total disability (TTD) and permanent total disability (PTD) by \$395,588 based on WC claims data for FY24-25. For the lifetime of a single claim, DAS expects to see continued increases every year over the life of the claim with varying life expectancies. For example, indemnity payments for a 40 year-old male would continue for 41.9 years based on life expectancy, vs. a 65 year-old female at 21.9 years.

The additional 200 weeks for loss of earning capacity (LOE) would amount to further payments in the fiscal year totaling approximately \$246,005. WC settlements would also increase based on this compensation rate.

The COLA adjustment for benefits exceeding one year is presumed to exclusively apply to PTD and death benefits. Also based on FY24-25 claims, the state paid \$958,432 in PTD and death benefits. Assuming these benefits qualified for a 3% COLA, an additional \$28,753 would be paid the following year, and \$58,369 the year after that.

The State's third party administrator (TPA) for WC does not subcategorize death or funeral benefits by the recipient, so combined payments for FY24-25 totaled \$465,033. Adjusting death benefits across the board at a 9% increase would be an additional \$40,987 in death benefits, plus the potential for \$25,000 when there are no surviving family members. The maximum weekly income death benefits payable to beneficiaries would also increase as the average weekly wage would not exceed 200% (but is currently not to exceed 75%).

Using FY24-25 data, the minimum estimated total fiscal impact to the state's Workers' Compensation Fund would be \$908,703 for FY26-27 and \$938,319 for FY27-28.

These additional costs would result in the need for additional revolving fund appropriation and an increase in the Workers' Compensation Assessment. The biennial FY25-27 Workers' Compensation Assessment has already been published and would need to be adjusted, thus impacting agencies, boards and commissions, the University, and the State Colleges.

The table below summarizes the estimated impact by fund type of the increased enterprise-wide Workers' Compensation Assessment. The allocation by fund type is based on a four-year (2022-2025) average of the payment of previous Workers' Compensation Assessments.

	<b>FY26-27</b>	<b>FY27-28</b>
	<b>Estimated Expenditures</b>	<b>Estimated Expenditures</b>
General Funds	\$581,570	\$600,524
Cash Funds	227,176	234,580
Federal Funds	63,609	65,682
Revolving Funds	36,348	37,533
<b>Total Funds</b>	<b>\$908,703</b>	<b>\$938,319</b>

The Fiscal Analyst has no basis to disagree with these estimates.

Please complete ALL (5) blanks in the first three lines.

2026

LB<sup>(1)</sup> 1056

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services – Risk Management

Prepared by: <sup>(3)</sup> Sarah Skinner Date Prepared: <sup>(4)</sup> 2/6/26 Phone: <sup>(5)</sup> 402-419-4229

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$581,570		\$600,524	
CASH FUNDS	\$227,176		\$234,580	
FEDERAL FUNDS	\$63,609		\$65,682	
REVOLVING FUNDS	\$36,348	\$908,703	\$37,533	\$938,319
TOTAL FUNDS	<u>\$908,703</u>	<u>\$908,703</u>	<u>\$938,319</u>	<u>\$938,319</u>

Explanation of Estimate:

LB1056 would amend the Nebraska Workers' Compensation Act. It would require the employer to pay for interpretive services for medical appointments. The bill would increase indemnity for total disability from 66 2/3% to 80% of the average weekly wage. It would also increase partial disability from 66 2/3% to 75%. LB1056 would increase loss of earning capacity (LOE) by another 200 weeks from 300 to 500. The bill also provides that where a disability lasts longer than 12 months, the employee is entitled to a cost-of-living adjustment (COLA) subject to the Consumer Price Index (CPI). Beginning in 2027, the maximum weekly income benefit for disability or death would be calculated at 200% of the state average weekly wage and subject to an annual hearing to consider whether the Governor should issue an order to suspend the effectiveness of the benefit. The minimum weekly income benefit would be calculated at 50% of the state average weekly wage. LB1056 would also amend death benefits to increase the percentage of average weekly wage for surviving family members and require a \$25,000 benefit to the estate of the deceased if there is no spouse, child, or dependent. These benefits would also be subject to COLA.

The State's workers' compensation (WC) program typically pays around \$150.00 hourly for interpretation services from the NE Supreme Ct. interpreter registry. Currently, we only provide interpretive services for claims that are litigated (hearing, trial, deposition). There has been a total of \$1,036.60 spent on interpretation services for litigation events between 7/1/2023 through 6/30/2025 for three employees. Using the example of a sprain/strain as an injury, 15 medical appointments would be required (two office visits, PT evaluation, and 6-12 PT sessions). This would cost \$2,250 (15 X \$150) for such a claim as a minimum cost. Averaging 1.5 claims annually, this would be \$3,375 annually. While a claim could have 15 medical appointments, contrarily, a more serious injury is just as likely to require 35 sessions in a 6-month period, at a cost of \$7,875 (four office visits, PT evaluation, and 30 PT sessions = 35 appointments X 1.5 claims X \$150 interpretation services). Thus, the median cost for interpretive services would be **\$5,625** annually.

Increasing indemnity compensation for total disability from 66 2/3% to 80% of avg weekly wage would increase the State's workers' compensation costs for temporary total disability (TTD) and permanent total disability (PTD) by **\$395,587.47** based on the previous fiscal year WC claims data. Increasing indemnity compensation for partial disability from 66 2/3% to 75% of avg weekly wage would increase the State's workers' compensation costs for temporary partial disability (TPD) and permanent partial disability (PPD) by **\$166,745.90** based on the previous fiscal year WC claims data. For the lifetime of a single claim, we would expect to see continued increases every year over the life of the claim with varying life expectancies. For example, indemnity payments for a 40 year-old male would continue for 41.9 years based on life expectancy vs. a 65 year-old female at 21.9 years.

The additional 200 weeks for LOE would amount to further payments in the fiscal year totaling **\$246,004.84**. WC settlements would also increase based on this compensation rate.

The COLA adjustment for benefits exceeding one year is presumed to exclusively apply to Permanent Total Disability (PTD) and death benefits. Also based on FY24-25 claims, the state paid a total of \$958,432.24 in PTD and death benefits. Assuming all of these benefits qualified for a 3% COLA, it would be an additional **\$28,752.97** and then **\$58,368.53** the following year.

The State’s TPA for WC does not subcategorize death or funeral benefits by the recipient, so combined payments for FY24-25 totaled \$465,033.18 (\$455,410.54 death benefits + \$9,622.64 funeral benefits). Adjusting death benefits across the board at a 9% increase would be an additional **\$40,986.95** in death benefits, plus the potential for **\$25,000** when there are no surviving family members. The maximum weekly income death benefits payable to beneficiaries would also increase as the average weekly wage would not exceed 200%, currently not to exceed 75%.

Using previous FY data, the minimum estimated total increase in FY26-27 would be **\$908,703.13** and **\$938,318.69** in FY27-28 to the state’s Workers’ Compensation Fund.

These additional costs would result in the need for additional revolving fund appropriation and an increase in the Workers’ Compensation Assessment. The biennial FY25-27 Worker’s Compensation Assessment has already been published and would need to be adjusted, thus impacting agencies, boards and commissions, the University, and the State Colleges.

The table below summarizes the estimated impact by fund type of the increased enterprise-wide Workers’ Compensation Assessment. The allocation by fund type is based on a four-year (2022-2025) average of the payment of previous Workers Compensation Assessments.

	<b>FY26-27</b>	<b>FY27-28</b>
	<b>Estimated Expenditures</b>	<b>Estimated Expenditures</b>
General Funds	\$581,570	\$600,524
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Revolving Funds	\$36,348	\$37,533
<b>Total Funds</b>	<b>\$908,703</b>	<b>\$938,319</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1056                      AM:                      AGENCY/POLT. SUB: Workers' Compensation Court

REVIEWED BY: Ryan Walton                      DATE: 1/16/2026                      PHONE: (402) 471-4174

COMMENTS: Concur with Workers' Compensation Court's assessment of no fiscal impact from LB 1056.

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**2026**

**LB<sup>(1)</sup> 1056**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Workers' Compensation Court

Prepared by: <sup>(3)</sup> Lorra O'Banion Date Prepared: <sup>(4)</sup> 1.15.2026 Phone: <sup>(5)</sup> 402.471.3602

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____