

Handwritten initials

PREPARED BY: Doug Nichols
DATE PREPARED: January 25, 2012
PHONE: 402-471-0052

LB 1008

Revision: 00

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	309,409		289,709	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	309,409		289,709	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill would provide for utilization and treatment guidelines for medical services under the Nebraska Workers' Compensation Act.

The following table uses information provided by the Workers' Compensation Court. Additional details are provided following the table:

ITEMS	FY2012-2013	FY2013-2014	FY2012-2013	FY2013-2014
	Number of Positions		Expenditures	
Medical Director	1.00	1.00	198,363	198,363
Administrative Assistant	1.00	1.00	40,772	40,772
Benefits			42,174	42,174
Operating			2,400	2,400
Travel			6,000	6,000
Capital outlay			19,700	0
TOTAL	2.00	2.00	309,409	289,709

The following is the response of the Workers' Compensation Court which provides additional details for the above table:

LB 1008 would require that the court adopt and annually review utilization and treatment guidelines for medical services in Nebraska workers' compensation cases. The bill also contemplates that the court will hire a medical director and establish an independent medical review process for treatment or services denied by an insurer. Implementation of LB 1008 is expected to require at least one high level, full-time support position in addition to a medical director. An annual salary of \$198,363 is projected for a full time medical director based on comparable positions within the State Personnel System and the private sector. An annual salary of \$40,772 is projected for the full time support person based on comparable positions within the State Personnel System and existing positions within the court. Other projected expenditures for benefits, operating costs, travel, and capital outlay are also included. Travel expenses are anticipated as these two positions would provide education and outreach to providers and others across the state. While such travel expenses cannot be accurately estimated at this time, a rough guestimate has nevertheless been included. Additional expenditures for technology and other costs may also be required, but these cannot be anticipated at this time. All court expenditures in support of LB 1008 would be funded from the Compensation Court Cash Fund, although a change in the statutory formula for assessments in support of the Fund could be required.

The Department of Administrative Services states there may be costs associated with the utilization review processes that they would have to employ to ensure that providers are complying with the guideline. However, they cannot determine a fiscal impact until the guidelines are in place.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	1/25/12	PHONE	471-2526
<p>COMMENTS</p> <p>WORKERS COMPENSATION COURT – No basis to dispute. The Court’s analysis relative to the costs associated with a medical director and new review process. However, LB 1008 specifically states “The compensation court <u>may</u> hire a medical director.” It also states “The compensation court <u>may</u> establish by rule an independent medical review process for treatment of services denied by an insurer...”</p> <p>The costs indicated in the Court’s fiscal note only apply if the Court does hire a medical director and does establish an independent medical review process.</p> <p>DEPT. OF ADMINISRATIVE SERVICES – No basis to dispute agency analysis.</p>					

RECEIVED
 JAN 25 2012
 2012
 LEGISLATIVE FISCAL

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

LB⁽¹⁾ 1008 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Workers' Compensation Court

Prepared by: (3) Glenn Morton Date Prepared: (4) 01/24//2012 Phone: (5) 402-471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	309,409	_____	289,709	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

Return by date specified or 72 hours prior to public hearing, whichever is earlier.
 Explanation of Estimate:

LB 1008 would require that the court adopt and annually review utilization and treatment guidelines for medical services in Nebraska workers' compensation cases. The bill also contemplates that the court will hire a medical director and establish an independent medical review process for treatment or services denied by an insurer. Implementation of LB 1008 is expected to require at least one high level, full-time support position in addition to a medical director. An annual salary of \$198,363 is projected for a full time medical director based on comparable positions within the State Personnel System and the private sector. An annual salary of \$40,772 is projected for the full time support person based on comparable positions within the State Personnel System and existing positions within the court. Other projected expenditures for benefits, operating costs, travel, and capital outlay are also included. Travel expenses are anticipated as these two positions would provide education and outreach to providers and others across the state. While such travel expenses cannot be accurately estimated at this time, a rough guestimate has nevertheless been included. Additional expenditures for technology and other costs may also be required, but these cannot be anticipated at this time. All court expenditures in support of LB 1008 would be funded from the Compensation Court Cash Fund, although a change in the statutory formula for assessments in support of the Fund could be required.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Medical Director	1.0	1.0	198,363	198,363
Administrative Assistant	1.0	1.0	40,772	40,772
Benefits.....			42,174	42,174
Operating.....			2,400	2,400
Travel.....			6,000	6,000
Capital outlay.....			19,700	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			309,409	289,709

RECEIVED

JAN 24 2012

LEGISLATIVE FISCAL

2012 Legislative Bill Proposal Fiscal Note

Bill #: 1008

State Agency: Administrative Services – Risk Management

Prepared by: Shannon Anderson

Date Prepared: 1/19/12

Phone: 402-471-4436

Approved by:

Estimate of Fiscal Impact – State Agencies

	FY 2012-13		FY 2013-14	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	0	0	0	0

Explanation of Estimate:

LB 1008 would require the Nebraska Workers' Compensation Court to establish an evidence-based utilization and treatment guideline for primary and secondary medical services. For services not included in the guideline, prior authorization must be obtained by the provider and supplier. Under this bill, the compensation court may hire a medical director and establish an independent medical review process. The guideline is to be annually reviewed and the court may consult with providers to consider amendments and changes to it.

Administrative Services cannot determine fiscal impact until the guidelines are in place. There may be costs though associated with the utilization review processes that we would have to employ to ensure that providers are complying with the guideline; however we cannot calculate those costs prior to the creation of the guideline. There would be no fiscal impact to Administrative Services if the court hires a medical director and establishes an independent medical review process.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			2012-13	2013-14
	12-13	13-14		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL	0	0		0	0