

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	See Below		See Below	

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

This bill would clarify compensation for shoulder injuries under the Nebraska Workers' Compensation Act.

The Workers' Compensation Court estimates no fiscal impact from this bill.

The Department of Administrative Services (DAS) estimates a possible increase to the workers' compensation program, but due to the many unknowns, is unable to estimate an amount at this time. See the response of DAS following for additional details.

The City of Lincoln estimates a significant cost increase because the city has many shoulder injuries.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: LB 310	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY: Joe Wilcox		DATE: February 4 th , 2013	PHONE: (402) 471-4178
COMMENTS: The City of Lincoln identifies that LB 310 will likely increase its Workers' Compensation costs, but makes no estimate of fiscal impact. No basis to affirm or dispute agency analysis.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: LB 310	AM:	AGENCY/POLT. SUB: Department of Administrative Services (065)	
REVIEWED BY: Joe Wilcox		DATE: January 28 th , 2013	PHONE: (402) 471-4178
COMMENTS: DAS provides certain estimates of fiscal impact, but ultimately concludes the final impact is unknown at this time. No basis to dispute agency analysis for the Department of Administrative Services.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: LB 310	AM:	AGENCY/POLT. SUB: Workers' Compensation Court (037)	
REVIEWED BY: Joe Wilcox		DATE: January 22 nd , 2013	PHONE: (402) 471-4178
COMMENTS: Concur with agency analysis of No Fiscal Impact on the Workers' Compensation Court.			

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

2013

LB⁽¹⁾ 310 FISCAL NOTE

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

Prepared by: ⁽³⁾ Glenn Morton Date Prepared: ⁽⁴⁾ 01/18/2013 Phone: ⁽⁵⁾ 402-471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

No Fiscal Impact

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2013

LB⁽¹⁾ 310 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Jan Bolin Date Prepared: ⁽⁴⁾ 2/1/2013 Phone: ⁽⁵⁾ 402-441-8306

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

We anticipate that this bill would significantly increase the cost of workers compensation injuries to the shoulder. Currently, disability is calculated in weeks of an arm, with a maximum of 225 weeks. This bill would increase shoulder disability under a body as a whole calculation, with a maximum of 300 weeks. In addition, this disability would entitle employees to a loss of earnings calculation, and employees could claim to be permanently and totally disabled. At this point in time, one can only claim this as a scheduled injury (in weeks of an arm). This would dramatically increase the City of Lincoln's workers compensation costs since the City has many shoulder injuries.

As noted above, we anticipate that LB310 would result in significant cost increased, as the City of Lincoln has many shoulder injuries.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

2013 Legislative Bill Proposal Fiscal Note

Bill #: 310

State Agency: Administrative Services - Risk

Prepared by: Shannon Anderson

Date Prepared: January 22, 2013

Phone: 402-471-4436

Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds	See Below		See Below	
Total Funds	See Below		See Below	

Explanation of Estimate: LB 310 would change the definition of loss of an arm and provide that a loss of an arm does not include injuries to the shoulder regardless of the location of the residual impairment. The bill would also require that injuries to the shoulder be compensated as either a total disability or a partial disability meaning that such injuries would no longer be considered scheduled injuries but a body as a whole injury. An injured employee under LB 310 would no longer be subject to an impairment rating and payment as a scheduled loss but would be entitled to a loss of earning capacity evaluation.

A Loss of Earning Capacity Report (LOEC) costs the state on average \$1,500 while an impairment report costs on average between \$100-\$500. In 2012, there were 41 shoulder claims with indemnity payments. Conservatively, if it is assumed that 50% of those cases would have needed a LOEC Report, the increase to expenses would have been \$25,625. This assumes the additional cost for LOEC reports would be \$1,250 using an average impairment report cost of \$250. ($\$1,500 - \$250 = \$1,250$). The estimated additional costs are then calculated as \$25,625. ($\$1,250 \times 41 \text{ claims} \times 50\% = \$25,625$). Though there would be an increase in report costs for the program, it is difficult to determine the number of future injuries and therefore the amount of the increased costs.

Last year the State paid approximately \$320,000 in permanent partial disability benefits for shoulder injuries occurring in 2012. If it is assumed a 25% increase for LOEC, this would be an additional \$80,000 in claims. ($\$320,000 \times 25\% = \$80,000$). It is difficult to predict an exact fiscal impact because some employees may have a minimal 10% LOEC while others may be quite large including perm totals.

Due to the number of unknowns detailed above it is difficult to estimate the possible amount of increased costs to the program.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			FY 2013-14	FY 2014-15
	13-14	14-15		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL					