

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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 would change provisions relating to compensation for temporary disability under the Nebraska Workers' Compensation Act.

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

DAS Risk Management estimates that this bill will create a fiscal impact, but any impact is unknown. The state's workers' compensation program is funded by annual assessments against all agencies, boards and commissions, the university, and state colleges. DAS Risk Management notes that any change in costs could change the amount assessed. See the agency response attached for additional details not included in this fiscal note.

The City of Imperial estimates a \$500 annual cost for medical examiner fees, and this is only under the condition that they have a serious worker injury. Most costs would be covered under their disability policy for employees.

The City of Omaha estimates a minimal fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 526	AM:	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)	
REVIEWED BY: Joe Wilcox	DATE: 01/24/2019	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of No Fiscal Impact to the Agency from LB 526.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 526	AM:	AGENCY/POLT. SUB: Department of Administrative Services (065)	
REVIEWED BY: Joe Wilcox	DATE: 02/04/2019	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Department of Administrative Services (DAS) estimate of potential, but Indeterminate Fiscal Impact to the Agency from LB 526.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 526	AM:	AGENCY/POLT. SUB: City of Imperial
REVIEWED BY: Joe Wilcox	DATE: 01/24/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Imperial estimate of potential but minimal Fiscal Impact to the City from LB526.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 526	AM:	AGENCY/POLT. SUB: City of Omaha
REVIEWED BY: Joe Wilcox	DATE: 01/30/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Omaha estimate of No Fiscal Impact to the City from LB 526.		

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

2019

LB⁽¹⁾ 526

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jill Gradwohl Schroeder Administrator Date Prepared: ⁽⁴⁾ January 24, 2019 Phone: ⁽⁵⁾ 402.471.3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2019-20	2020-21
	19-20	20-21	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2019

LB⁽¹⁾ 526

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Risk Management

Prepared by: ⁽³⁾ Shereece Dendy-Sanders Date Prepared: ⁽⁴⁾ January 24, 2019 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See below</u>	<u>_____</u>	<u>See below</u>	<u>_____</u>

Explanation of Estimate:

LB 526 seeks to change the way injured workers are paid. Specifically, when an injured worker reaches maximum medical improvement (MMI) the State would continue to issue temporary total disability (TTD) payments on an ongoing basis until permanency for a scheduled member (body part) is obtained, or permanent restrictions and an loss of earning capacity (LOE) is obtained. The bill also proposes that TTD will stop only after an injured worker has been given 30 days' notice of termination of benefits and that the State will provide copies of evidence that were relied on in making the determination to stop TTD.

This bill creates a fiscal impact. The first part of the bill assumes that the injured worker would be assigned an impairment rating for a scheduled member injury or permanent restrictions for a body as a whole injury, and that an LOE is owed, without any medical evidence which is currently required. As a result, the State may end up paying an impairment rating or for permanent restrictions that are not present and/or that the State is not liable for. The bill also does not account for any credit of ongoing TTD payments issued and provide a mechanism to recoup an overpayment. For example: There could be a 2% impairment rating assigned. However, due to the ongoing TTD, the State could have paid an equivalent of a 5% rating, resulting in an overpayment. The injured worker could just as likely have a 0% rating. In such a case, all ongoing TTD would be deemed an overpayment.

Another example: From the date of MMI to the date the loss of earning capacity report, TTD would be paid under the proposed change. If permanent restrictions are issued, and an LOE is assigned, the injured worker would be entitled to permanent partial disability (PPD) LOE payments from the date of MMI to the present and ongoing. If the injured worker has an LOE less than 100%, there would be an overpayment of benefits for that time frame for ongoing TTD after MMI and the State would be entitled to a credit. The proposed change also does not account for any scenario that the State has expert medical and vocational evidence that the injured workers has no impairment for scheduled member injuries; or no restrictions and no LOE. These defenses are mechanisms to ensure that the State only pays for those injuries for which it is liable.

There are additional fiscal concerns with the bill. As written, the statute provides that there shall be no presumption from the mere occurrence of such injury that the injury was in fact caused by the employment. The proposed change states that if an injured worker alleges an accident, there is a presumption that there was an accident, and the State owes TTD. Essentially, an injured worker can submit a claim for benefits and the State is required to immediately start TTD payments before any investigation is completed. There is also no clarification for overpayments or credit reimbursements. The bill also allows for any injured worker to seek a finding by an independent medical examiner (IME). The State would have to pay for this IME. This change allows the worker to request their own IME and choose their own doctor. This is essentially doctor shopping and creates an additional expense for the State.

The State of Nebraska's Workers' Compensation program is self-insured and includes all agencies, boards and commissions, the University and State Colleges. Any changes in costs can impact the annual assessment that is billed.

There is a fiscal impact, but the exact amount is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</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.

2019

LB⁽¹⁾ 526

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jo Leyland Date Prepared: ⁽⁴⁾ 01/24/2019 Phone: ⁽⁵⁾ 308-882-4368

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>500.00</u>		<u>500.00</u>	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>500.00</u>		<u>500.00</u>	

Explanation of Estimate:

If I read this bill properly, the city would be responsible for medical examiner fees, so I have calculated that amount. This is only under condition that we had a serious worker injury. The city carries long and short term disability on all employees, so most costs would be covered under that policy.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			<u>500.00</u>	<u>500.00</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2019

LB⁽¹⁾ 526

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ CITY OF OMAHA

Prepared by: ⁽³⁾ TYLER LEIMER Date Prepared: ⁽⁴⁾ 1/30/2018 Phone: ⁽⁵⁾ 402-444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</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 to minimal fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____