

Updated for amendments adopted through May 9, 2007, and additional information received.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	76,890		71,300	
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	76,890		71,300	

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

This bill, as amended, establishes a prospective payment system for in-patient hospital services, provides "prompt payment" language, and provides that certain injured employees be reimbursed according to their loss of earnings capacity, rather than according to the schedule set in statute.

STATE IMPACT: This amended bill could impact the state's workers compensation expenditures according to information previously received from the Department of Administrative Services Risk Management Division (DAS).

DAS has previously estimated a range of estimated expenditures for changes in this amended bill from \$0 to almost \$6 million. See previous DAS response's for details. In cases where there is a range of estimates, the Legislative Fiscal Office analyst (LFO) normally averages the estimated costs to arrive at an amount to be used on the fiscal note. However, based on additional information recently received, LFO has decided to use the lower number in the range of \$0. The effective date of the bill is in September, so there are roughly four months before the next Legislative Session that this amended bill will be in effect. This would allow a budget adjustment, if necessary, after a relatively short period of time if actual expenditures are higher than the amount used in this fiscal note.

The Workers Compensation Court estimates the following increase in expenditures related to this amended bill:

	FY2007-2008	FY2008-2009	FY2007-2008	FY2008-2009
ITEMS	Number of Positions		Expenditures	
Program Resource Specialist	1.00	1.00	38,691	38,691
Benefits			20,609	20,609
DRG "Grouper" Software (assists in determining proper reimbursement)			12,000	12,000
One-time Capital Outlay (desk, phone, computer, etc.)			5,590	0
TOTAL	1.00	1.00	76,890	71,300

The Workers Compensation Court (WCC) notes that this amended bill would create an inpatient hospital fee schedule for workers compensation cases based on the Medicare Diagnostic Related Groups (DRG) Prospective Payment System. This is a significant departure from the current hospital fee schedule. This would require at least one additional WCC staff with knowledge and expertise regarding the Medicare reimbursement system. This position would perform duties assigned to the WCC under this bill, assist workers compensation insurers and other payors in applying the schedule since they will probably be unfamiliar with it, and assist in resolving disputes between hospitals and payors regarding the proper reimbursement under the new schedule. The DRG "Grouper" Software noted in the above table is based on the experience of other states implementing legislation similar to this amended bill.

The WCC also notes that provisions relating to multiple member impairments will probably result in increased workload for both judges and staff, but at this time they can absorb this additional workload within their current appropriation.

IMPACT ON POLITICAL SUBDIVISIONS: This amended bill could impact the workers compensation expenditures of political subdivisions in a manner similar to the state impact noted above. This amount is not known at this time.