

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7274**

**BILL NUMBER:** HB 1683

**NOTE PREPARED:** Jan 3, 2003

**BILL AMENDED:**

**SUBJECT:** Attorney's Fees in Worker's Compensation Cases.

**FIRST AUTHOR:** Rep. Liggett

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                          **DEDICATED**  
                          **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill requires the Worker's Compensation Board to amend its rules to provide for increased attorney's fees for claims before the Board.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The bill would have no state or local fiscal impact because the attorney fees are paid by the plaintiff from the amount awarded. The bill could have an impact if the amount awarded increased due to the change in fees.

*Background:* The schedule of attorney's fees in 631 IAC 1-1-24 sunsetted on January 1, 2002. The Worker's Compensation Board has continued to use the schedule. The schedule provides a minimum of \$100, 20% of the first \$10,000 of recovery, 15% of the second \$10,000 of recovery, and 10% of recovery over \$20,000. The schedule in the bill provides a minimum of \$100, 20% of the first \$25,000 of recovery, 15% of the second \$25,000 of recovery, and 10% of recovery over \$50,000.

The Board does not have information on the amount of attorney fees paid on claims. Indiana has some of the lowest attorney fees in the country because the system is very consistent, plaintiffs may not need an attorney, and attorney fees are low.

The following chart shows the increase in attorney fees;

<b>Claim</b>	<b>Old Schedule</b>	<b>New Schedule</b>	<b>Increase</b>	<b>% Increase</b>
\$10,000	\$2,000	\$2,000	\$0	
\$20,000	\$3,500	\$4,000	\$500	14.29%
\$25,000	\$4,000	\$5,000	\$1,000	25.00%
\$35,000	\$5,000	\$6,500	\$1,500	30.00%
\$50,000	\$6,500	\$8,750	\$2,250	34.62%
\$100,000	\$11,500	\$13,750	\$2,250	19.57%
\$500,000	\$51,500	\$53,750	\$2,250	4.37%

Compensation paid to state employees, exclusive of medical benefits, totaled \$3.4 M in FY 1998, \$3.7 M in FY 1999, \$3.9 M in FY 2000, \$4.5 M in FY 2001, and \$5.3 M in FY 2002.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** Worker's Compensation Board.

**Local Agencies Affected:**

**Information Sources:** Sandra Fralich, Workers' Compensation Board, 317-232-3809.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825