

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7718

BILL NUMBER: SB 537

NOTE PREPARED: Apr 10, 2007

BILL AMENDED: Apr 3, 2007

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR: Rep. Cheney

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Fees:* This bill authorizes the Worker's Compensation Board to adopt rules to assess and collect reasonable fees for services, excluding services provided to: (1) an injured employee; or (2) in the event of an employee's death, the employee's dependents. It provides that a rule adopted by the Board concerning the assessment and collection of reasonable fees for services must provide that a fee established for adjudicating disputes between an insurer and a health care provider may not take effect before July 1, 2008.

Second Injury Fund: The bill revises language concerning assessments for the Second Injury Fund.

Benefits: It increases worker's compensation and occupational diseases benefits. The bill also increases compensation for permanent partial impairment.

Effective Date: (Amended) Upon passage; July 1, 2007.

Explanation of State Expenditures: (Revised) *Benefits:* The bill increases the award for disability based on the degree of impairment.

Degree	FY 2008		FY 2009		FY 2010		FY 2011	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
1-10	1,340	1,350	1,365	1,401	1,380	1,454	1,400	1,509
11-35	1,545	1,557	1,570	1,616	1,585	1,678	1,600	1,742
36-50	2,475	2,491	2,525	2,586	2,600	2,685	2,700	2,787
Over 50	3,150	3,150	3,200	3,270	3,300	3,395	3,500	3,524

The percentage increase in the degree of impairment awards is about 0.7% for FY 2008, 2.6% for FY 2009, 5.4% for FY 2010, and 7.8% for FY 2011, except for the "Over 50" category which is 0% for FY 2008, 2.2% for FY 2009, 2.9% for FY 2010, and 0.7% for FY 2011.

The bill also increases the average weekly wage used in the determination of compensation for permanent partial impairment from \$930 to \$934 for FY 2008, \$954 to \$970 for FY 2009, \$975 to \$1,007 for FY 2010, and \$1,045 for FY 2011.

The bill increases the maximum award from \$310,00 to \$311,430 for FY 2008, \$318,000 to \$323,295 for FY 2009, \$325,000 to \$335,613 for FY 2010, and \$348,400 for FY 2011.

It is difficult to determine the potential cost of these changes. An actuarial analysis of these changes will be performed by the National Council on Compensation Insurance (NCCI). [Note: The results of the actuarial analysis are not currently available. The note will be updated when NCCI finishes their analysis.]

According to the Indiana Compensation Rating Bureau, premiums decreased by 3.2% for 2007, increased 2.2% for 2006, and increased by 3.2% for 2005. Premiums for worker's compensation for 2005 were about \$829 M.

The impact on the state would be as a self-insured employer. For FY 2006, the state paid about \$2.3 M in worker's compensation benefits, \$2.7 M in FY 2005, and \$2.5 M in FY 2004.

Explanation of State Revenues: *Fees:* The state could receive additional revenue depending on the service fees the Board establishes. The amount of the increased revenue is unknown but would probably be minor.

(Revised) *Second Injury:* The bill makes technical corrections to the assessment of the Second Injury Fund. It clarifies that the premiums mean direct written premiums. The provisions should not have any fiscal impact.

Explanation of Local Expenditures: (Revised) See *Explanation of State Expenditures*

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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