

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated on March 1, 2017.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below			
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 provide for reimbursement to employees for certain medical examinations under the Nebraska Workers' Compensation Act.

DAS Risk Management (DAS) estimates the following impact from this bill:

	FY2017-18	FY2018-19
Fund Source:	EXPENDITURES	EXPENDITURES
GENERAL FUNDS	208,129	208,129
CASH FUNDS	289,454	289,454
FEDERAL FUNDS	164,212	164,212
OTHER FUNDS	118,205	118,205
TOTAL FUNDS	780,000	780,000

DAS notes that they will need an increase in their Revolving Fund appropriation and an increase in the Workers' Compensation Assessment by \$780,000 in both FY18 and FY19. They further note that since the FY18 and FY19 Workers' Compensation Assessment has already been published, the increased assessment may require additional appropriations to state agencies. See the agency response attached for additional details not included in this fiscal note.

There are 78 agencies which include the Legislature, Supreme Court, University, and State and Community Colleges. The amounts listed in the above-table are not that large when considering this number of agencies, and also considering that not all agencies request funds for the Workers' Compensation Assessment or other DAS charges. In effect, they currently absorb such charges. Therefore, the costs estimated by DAS could be absorbed within the agency's budgets.

Additionally, workers' compensation rates are based on the actual claims and loss history. Therefore, the cost estimate of DAS Risk Management is more illustrative of potential costs because such costs must occur before they can be worked into the rates charged to the agencies impacted by this bill. If this bill has the impact estimated by DAS Risk Management, there will be time to work any increased costs into the workers' compensation rates in subsequent biennium budget requests. The Workers' Compensation Claims Fund (Fund: 58920) has a balance of over \$26 million giving DAS Risk Management a cushion to cover any increased costs imposed by this bill.

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

The city of Imperial estimates a \$100 impact in FY18 and FY19. Imperial notes that this is not anticipated to occur annually, but it likely an average cost.

The City of Lincoln, in an updated response, states that the fiscal impact from this bill may be \$100,000 if the claimant is limited to one opinion. See their response attached for additional details.

The city of Omaha estimates no fiscal impact from this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 181 Revised AM: AGENCY/POLT. SUB: **City of Lincoln**

REVIEWED BY: **Joe Wilcox** DATE: **03/01/2017** PHONE: [\(402\) 471-4178](tel:(402)471-4178)

COMMENTS: The City of Lincoln revised its estimated potential fiscal impact to the City from LB 181 from \$ - 0 – to \$100,000 with the latest fiscal note. No basis to dispute revised cost assumptions.

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

2017

LB⁽¹⁾ 181

FISCAL NOTE

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

Prepared by: ⁽³⁾ Shereece Dendy Date Prepared: ⁽⁴⁾ 01-11-2017 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>
TOTAL FUNDS	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>

Explanation of Estimate:

LB181 allows for an injured worker to get a second opinion from a physician of his or her choice, and then requires the employer to pay for that second opinion. This bill has the potential of having a large fiscal impact. Injured workers, by law, have the choice to choose the treating physician. Thus, this physician has medical control. The employer is able to get an independent medical examination from a physician of the employer's choice when there are concerns with the injured worker's treating physician's report and/or concerns with the injured workers behavior or activities outside of his or her treating physician's immediate view. This bills would potentially require the State to pay for a third medical opinion.

This bill creates a fiscal impact, however the exact fiscal impact is unknown. A typical medical examination is \$1,200 to \$2,000. Approximately 1,300 workers' compensation claims are filed by State of Nebraska employees each year. If 650 or half of the claimants (1,300 claims x 50% = 650) request second opinions (at the rate of \$1,200 per exam), that would cost the State an additional \$780,000 per year in examinations only (\$1,200 per exam x 650 exams = \$780,000). There would be additional costs associated with the legal defense of the second opinion and the exposure to possibly paying out benefits that were not in fact owed in the first place.

To insure that the Worker's Compensation Program has the necessary resources to meet current requirements as well as those outlined in LB181, the program would require an increase in revolving fund appropriation and an increase in the Worker's Compensation assessment.

The table below summarizes the estimated impact outlined above by fund type of the estimated increase in the statewide Worker's Compensation assessment. The allocation by fund type is based on total FY14-15 operational expenditures:

	FY17-18	FY18-19
	Expenditures	Expenditures
General Funds	208,129	208,129
Cash Funds	289,454	289,454
Federal Funds	164,212	164,212
Revolving Funds	118,205	118,205
Total Funds	780,000	780,000

The FY17-18 and FY18-19 Worker's Compensation Assessment has already been published. The increased assessment may require additional appropriations for all state agencies, boards and commissions including the University and State Colleges.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			780,000	780,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			780,000	780,000

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

2017

LB⁽¹⁾ 181

FISCAL NOTE

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

Prepared by: ⁽³⁾ Tamra L. Walz Date Prepared: ⁽⁴⁾ January 17, 2017 Phone: ⁽⁵⁾ 402.471.3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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 fiscal impact is expected for the compensation court as a result of LB181 as currently drafted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</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.

2017

LB⁽¹⁾ 181

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jo Heyland Date Prepared: ⁽⁴⁾ 1-16-17 Phone: ⁽⁵⁾ 308-882-4368

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	<u>100.00</u>		<u>100.00</u>	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

It is not anticipated that this would occur annually, but likely average

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2017-18 EXPENDITURES	2018-19 EXPENDITURES
	17-18	18-19		
Benefits.....			<u>100.00</u>	<u>100.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2017

LB⁽¹⁾ 181 (REVISION 2)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jan L. Bolin Date Prepared: ⁽⁴⁾ 1/13/2017 Phone: ⁽⁵⁾ 402-441-8306

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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:

This bill would provide reimbursement to workers compensation claimants for their costs to rebut or dispute certain employer medical examination opinions under Nebraska Workers Compensation Act. The employer or insurer would reimburse the cost of the exam, report and transportation costs. The City of Lincoln estimates that about 50 claimants may request medical examination opinions to dispute or rebut the employer's medical opinion report. At an estimated cost of approximately \$2000 per exam and \$100 in transportation cost, the fiscal impact may be \$100,000 if the claimant was limited to one opinion.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</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.

2017

LB⁽¹⁾ 181

FISCAL NOTE

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

Prepared by: (3) TYLER LEIMER Date Prepared: (4) 1/17/2016 Phone: (5) (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	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		2017-18	2018-19
	17-18	18-19	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____