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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/07

SPONSOR     Martinez     LAST UPDATED                      HB                     

SHORT TITLE     Prohibit Certain Workers Comp Payments     SB     208    

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ANALYST     Lucero    

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Workers' Compensation Administration

### SUMMARY

#### Synopsis of Bill

Senate Bill 208 limits accelerated or "lump sum" payment of disability modifiers unless all parties agree and a workers' compensation judge approves.

### FISCAL IMPLICATIONS

No fiscal implications to the Workers' Compensation Administration.

Insurance carriers would not have to pay out lump sums, including modifiers, unless there was agreement.

### SIGNIFICANT ISSUES

SB0208 limits lump sum acceleration of modifiers which may help avoid potential overpayments to workers in the event they return to work earlier than anticipated.

Currently, modifiers are a major part of workers' indemnity benefits and can include lump sum settlements only with the approval of the insurance carrier, which removes the judge's discretion.

This amendment eliminates a tool that is used to negotiate during mediation and could impact workers financially.

**PERFORMANCE IMPLICATIONS**

No performance implications to the Workers' Compensation Administration.

**ADMINISTRATIVE IMPLICATIONS**

The amendment can be easily implemented and should not result in additional administrative costs or increase in caseload.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None at this time

**TECHNICAL ISSUES**

The amount of the benefit award is based on the compensation rate, impairment rating, and in cases where the worker's post-MMI wage is less than the pre-MMI wage, **a modification formula**. The modification formula includes certain background factors such as the worker's age, education, training, job experience, and pre-injury and post-MMI physical capacity.

**OTHER SUBSTANTIVE ISSUES**

The Workers' Compensation Advisory Council has approved this bill.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status Quo

DL/mt