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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/13

SPONSOR Sanchez, C. LAST UPDATED _____ HB _____

SHORT TITLE Workers' Comp Partial Disability Modifiers SB 385

ANALYST Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)

Workers' Compensation Administration (WCA)

SUMMARY

Synopsis of Bill

Senate Bill 385 (SB 385) addresses Permanent Partial Disability (PPD) benefits when an injured worker returns to work but makes less than that worker's pre-injury wage. The portion of the worker's PPD benefits based on modifier points (relating to age, education, and physical capacity) is reduced so that the worker is not making more in combined post-injury wages and benefits than that worker's pre-injury wage.

FISCAL IMPLICATIONS

No fiscal impact to the general fund is anticipated. SB 385 might produce minimal savings to the workers' compensation fund due to reductions in PPD benefit payments out of that fund.

SIGNIFICANT ISSUES

The WCA reports that this bill corrects a situation that could occur under existing law where a worker with a permanent partial disability who has returned to work at a lower wage could make more with a combined PPD benefit and post-injury wages than that worker's pre-injury wage.

Existing law already addresses the opposite situation--when an injured worker returns to work at a wage equal to or greater than that worker's pre-injury wage--by limiting that worker's post-injury PPD rating to that equal to the worker's impairment without applying any modifiers.

OTHER SUBSTANTIVE ISSUES

The WCA notes that SB 385 has been approved by the Advisory Council on Workers' Compensation and Occupational Disease.

MD/svb