

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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 change Nebraska Workers' Compensation Act medical guidelines and independent medical examiner provisions.

DAS - Risk Management states that the fiscal impact is unknown for this bill. See their response below for details.

The City of Lincoln estimates savings of 10% the first year and ultimately 20% by the 3<sup>rd</sup> year. This amounts to \$224,457 and \$448,914 in savings to Lincoln's workers' compensation program. See their response following for additional details.

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

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: <b>LB 584</b>	AM:	AGENCY/POLT. SUB: <b>Department of Administrative Services (065)</b>	
REVIEWED BY: Joe Wilcox		DATE: February 1 <sup>st</sup> , 2013	PHONE: <a href="tel:4024714178">(402) 471-4178</a>
COMMENTS: The fiscal impact to the Department of Administrative Services is unknown as it does not currently use the official disability guidelines as published by the Work Loss Data Institute, so it does not know at this time whether the change would result in a cost increase or decrease to the agency. Consequently, no fiscal impact was provided.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: <b>LB 584</b>	AM:	AGENCY/POLT. SUB: <b>City of Lincoln</b>	
REVIEWED BY: Joe Wilcox		DATE: January 30 <sup>th</sup> , 2013	PHONE: <a href="tel:4024714178">(402) 471-4178</a>
COMMENTS: LB 584 establishes the standard for "reasonable medical, surgical, and hospital services" for Workers Compensation coverage, as those provided in the official disability guidelines in effect on January 1, 2014, as published by the Work Loss Data Institute. The City of Lincoln makes estimates of potential cost savings in medical costs based on the data in the current publication of the Work Loss Data Institute. Since the bill establishes the standard from the January 1, 2014 guidelines, the reasonableness of the City's savings estimates cannot be determined at this time.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: <b>LB 584</b>	AM:	AGENCY/POLT. SUB: <b>Workers' Compensation Court (037)</b>	
REVIEWED BY: Joe Wilcox		DATE: January 29 <sup>th</sup> , 2013	PHONE: <a href="tel:4024714178">(402) 471-4178</a>
COMMENTS: Concur with agency analysis of No Fiscal Impact on the Workers' Compensation Court.			

# 2013 Legislative Bill Proposal Fiscal Note

**Bill #:** LB584

**State Agency:** Administrative Services

**Prepared by:** Shannon Anderson

**Date Prepared:** January 29, 2013

**Phone:** 402-471-4436

## Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

**Explanation of Estimate:**

LB584 would require the use of the official disability guidelines as published by the Work Loss Data Institute. No insurer, risk management pool or self-insured employer shall be responsible for charges for hospital, medical or surgical services that are not in accordance with the guidelines unless the charges had been pre-authorized or approved by an independent medical examiner (IME). The State of Nebraska does not use these guidelines currently and thus does not have any data indicating whether there would be a cost decrease or increase.

LB584 provides that when reasonableness of the treatment is in dispute and the parties agree to an IME, then the findings of the IME shall be binding on the parties. If the Workers' Compensation Court assigns an IME, the findings shall be binding unless there is clear and convincing evidence otherwise in the record.

Last year, the State of Nebraska set up approximately 25 IME's at a cost of approximately \$25,000. The State did not use the Workers' Compensation Court assignment process. Based on our experience, we cannot determine whether there would be a decrease or increase in the use of IME's and whether costs would decrease or increase, therefore the fiscal impact is unknown.

## Major Objects of Expenditure

**Personal Services:**

Position Title:	Number of Positions			FY 2013-14	FY 2014-15
	13-14	14-15		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
<b>TOTAL</b>					

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

2013

**LB(1) 584 FISCAL NOTE**

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

Prepared by: (3) Sherry Wolf Drbal Date Prepared: (4) January 29, 2013 Phone: (5) 402-441-8305

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The Work Loss Data Institute estimates in their brochure a 64% reduction in medical costs and a 69% reduction in lost days from work. However, Nebraska doesn't have the workers compensation problems that many other states have, so I would conservatively estimate a 10% savings first year with perhaps an ultimate savings of 20% by the 3rd year after implementation.

The City of Lincoln is a Self Insured in the state of Nebraska and handles Workers Compensation claims for all City departments, Lincoln Electric System and the Community Health Endowment . We paid out \$2,244,565.60 in the 2012 calendar year for workers compensation claims. Therefore, the 10% savings would be about \$224,457. The 20% about \$448,914.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES: POSITION TITLE	NUMBER OF POSITIONS		2013-14	2014-15
	13-14	14-15	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2013**

**LB<sup>(1)</sup> 584 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Workers' Compensation Court

Prepared by: <sup>(3)</sup> Glenn Morton Date Prepared: <sup>(4)</sup> 01/29/2013 Phone: <sup>(5)</sup> 402-471-3602

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

There would be no fiscal impact for the compensation court as a result of LB 584 as currently written.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____