LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 556** HLS 24RS 948
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.: **w/ PROP HSE COMM AMD**
Sub. Bill For.:

Date: April 30, 2024 9:17 PM **Author:** GLORIOSO
Dept./Agy.: Louisiana Workforce Commission
Subject: COLA for Wages of Totally Disabled Workers **Analyst:** Noah O'Dell

WORKERS COMPENSATION OR SEE FISC NOTE EX
Provides relative to an injury producing the permanent total disability of an employee

Current law entitles injured workers to compensation of 66.67% of wages during the period of qualifying permanent total disability, provided the compensation is between the state minimum and maximum weekly compensation, 20-75% of the state average weekly wage (SAWW).

Proposed law entitles injured workers with compensable injuries on or after August 1, 2024 that result in permanent total disability to a cost of living adjustment (COLA) in their weekly compensation rate on the third anniversary of their injury and each year thereafter. A formula for the COLA is provided in the bill that relies upon annual changes in the SAWW. Proposed law requires insurance carriers or self-insured employers to report each compensable injury to the LA Workforce Commission (LWC) if permanent disability benefits are expected to continue for six months after the date of the injury.
Effective August 1, 2024.

EXPENDITURES	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	**SEE BELOW**	**SEE BELOW**	**$0**
Agy. Self-Gen.	$0	$0	$0	**SEE BELOW**	**SEE BELOW**	**$0**
Ded./Other	$0	$0	$0	**SEE BELOW**	**SEE BELOW**	**$0**
Federal Funds	$0	$0	$0	**SEE BELOW**	**SEE BELOW**	**$0**
Local Funds	$0	$0	$0	**SEE BELOW**	**SEE BELOW**	**$0**
Annual Total	**$0**	**$0**	**$0**			**$0**

REVENUES	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

The Office of Risk Management (ORM) provides workers' compensation coverage for state employees and would be required to provide a COLA to state employees receiving permanent total disability benefits. **ORM reports no new claims for permanent total disability have occurred in the last twenty years.** If current patterns hold, the bill is unlikely to impact state expenditures throughout the fiscal note horizon. However, should any claims for permanent total disability occur, state expenditures would increase by an indeterminable amount beginning three years later.

All means of finance could potentially be impacted if new claims for permanent total disability occur, as shown in the table above. ORM is paid by agencies through various means of finance to fund the workers' compensation coverage for state employees. ORM then pays claims using SGR.

The COLA in the bill will only apply to future claims for injuries that have not yet occurred, rendering estimates for the anticipated impact of the bill speculative. The COLA is accomplished by maintaining the same percentage of the State Average Weekly Wage (SAWW) that the injured employee was earning at the time of the injury. The adjustment will occur each year beginning three years after the injury. As the SAWW increases over time, which is expected, applying the same percentage will typically result in a higher adjusted compensation. Though the SAWW has increased in 19 of the last 20 years, it decreased by 0.007% in 2018. Because the bill does not restrict the COLA to a positive value, the Legislative Fiscal Office can contemplate a scenario in which claims payments decrease, although it is unlikely.

The bill also requires each insurance carrier or self-insured employer to report each compensable injury claim to the Secretary of the LA Workforce Commission (LWC) if permanent total disability payments continue or are expected to continue for six months after the date of the injury. The proposed law is not anticipated to impact LWC expenditures.

Local government expenditures may increase by indeterminable amount as a result of the COLA in proposed law, depending on the local structure of worker's compensation coverage.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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