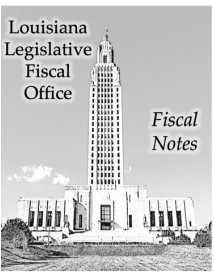


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 703** HLS 24RS 691
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 14, 2024	5:37 PM	Author: MELERINE
Dept./Agy.: Office of Risk Management & LA Workforce Commission		Analyst: Noah O'Dell
Subject: Workers' Compensation - Penalties, Hearings, and Disputes		

WORKERS COMPENSATION RE DECREASE SG EX See Note Page 1 of 1

Provides relative to controversion of benefits, preliminary determination hearings, disputed claims, and penalties and attorney fees

Current law provides that failure to provide payment or failure to consent to the employee's request to select a treating physician or change physicians when such consent is required shall result in a penalty in an amount up to the greater of 12% of any unpaid compensation/benefits or \$50 per calendar day for each day (limited to 40 days) in which compensation or medical benefits remain unpaid, in addition to reasonable attorney fees for each disputed claim. The maximum penalty amount is \$8,000. Current law establishes notice guidelines, provides time frames for payment, provides for preliminary determination hearings, and permits for certain employer/payor disputes.

Proposed law sets the penalty for unpaid compensation/benefits at 12% of unpaid amounts, sets a limit of \$2,000 for penalties associated with each disputed claim, and effectively removes the penalty for failure to consent to the employee's request to select a treating physician or change physicians. The \$8,000 maximum in penalties in current law is retained. The bill also adjusts requirements on injured employee's awarded attorney fees, notice guidelines, preliminary determination hearings, employer/payor dispute requirements, and defines reasonably controverted. Employers are provided an additional 3 days to provide for payment without penalty and fees.

EXPENDITURES	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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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

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

Proposed law is anticipated to result in a decrease in SGR expenditures for penalties and attorney fees within the Office of Risk Management (ORM). ORM funds Workers' Compensation for state employees through interagency transfers derived from premiums billed to state agencies. Penalties and attorney fees paid by the office are classified as SGR expenditures.

Current law allows for the greater of penalties of \$50 per day for each day of unpaid compensation/benefits or 12% of unpaid compensation/benefits. The proposed measure removes the \$50 per day option of calculating penalties, but retains the 12% penalty of unpaid compensation/benefits and creates a limit of \$2,000 penalties for each disputed claim. Penalties for failure to consent to the employee's request to select a treating physician or change physicians are effectively repealed by setting the penalty structure as a percentage of amounts unpaid, rather than the flat penalty of \$50 per day. The \$8,000 maximum in penalties in current law is retained. The bill imposes new restrictions on procedures for the amount of the injured employee's attorney fees awarded.

ORM reports the proposed measure is anticipated to result in a reduction of billing disputes, related penalties, and attorney fees. By examining the workers' compensation program for state employees from FY 21 - FY 23, ORM reports that an annual average of \$26,000 of the assessed penalties and attorney fees were paid by ORM. The TPA paid the remainder (\$75,500). **Of the \$26,000 in penalties and attorney fees paid by ORM annually, ORM estimates approximately 13.5% (\$3,500) would not have occurred under the proposed law.** The Legislative Fiscal Office (LFO) cannot corroborate such savings will continue to materialize annually, because penalties and fees will be associated with injuries that have not yet taken place. However, the specifications of the bill lead LFO to believe the proposed measure will likely result in a decrease in penalties and attorney fees compared to current law.

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}

Deborah Vivien
Chief Economist