



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 556** HLS 24RS 948
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 15, 2024	3:28 PM	Author: GLORIOSO
Dept./Agy.: Louisiana Workforce Commission		
Subject: COLA for Wages of Totally Disabled Workers		Analyst: Noah O'Dell

WORKERS COMPENSATION RE SEE FISC NOTE EX See Note Page 1 of 1
 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). The compensation rate for lump sum settlements is based on the date of the injury. 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. The COLA provided in the bill is equivalent to the percentage change in the maximum weekly compensation rate. The bill limits the COLA adjustment to a range of 0% to 5% annually and retains the maximum weekly benefit amount in current law. The assistant secretary is to publish the percentage amount of the COLA annually no later than September 1st. The compensation rate for lump sum settlements is based on the date the settlement is filed with LWC, which may incorporate COLA's. 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 increasing the injured worker's entitled weekly benefit amount by the same percentage as the annual change in the maximum weekly compensation rate. The adjustment will occur each year beginning three years after the injury. As the SAWW and the maximum weekly rate increase over time, which is expected, the COLA will typically result in a higher adjusted compensation. The bill prevents negative adjustments, caps the COLA at 5% annually, and retains the maximum weekly benefit amount set forth in current law at 75% of the SAWW.

The bill requires the LA Workforce Commission (LWC) to publish the percentage amount of the COLA no later than September first of each year. The proposed law is not anticipated to impact LWC expenditures.

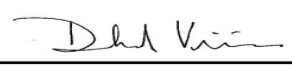
Local government expenditures may increase by indeterminable amount as a result of the COLA in proposed law, depending on the local structure of worker's compensation coverage.

REVENUE EXPLANATION

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

Senate
 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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