

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1228/1	Introduction Number AB-0288
------------------------------------	---

Description
 An award to an injured employee's attorney who takes any action to collect public assistance reimbursement in a worker's compensation proceeding

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory			<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DHFS/ Elaine Velez (608) 266-9363	Authorized Signature Andy Forsaith (608) 266-7684	Date 6/4/2007
--	---	-------------------------

Fiscal Estimate Narratives

DHFS 6/5/2007

LRB Number	07-1228/1	Introduction Number	AB-0288	Estimate Type	Original
Description An award to an injured employee's attorney who takes any action to collect public assistance reimbursement in a worker's compensation proceeding					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, if a governmental unit provides public assistance to pay medical costs or living expenses related to a claim for worker's compensation, and if the governmental unit gives parties to the claim written notice stating that it provided the assistance and the amount of assistance provided, the employer or insurance carrier owing the worker's compensation is required to reimburse the governmental unit for the amount of the assistance provided or for two-thirds of the amount of the worker's compensation award remaining after the deduction of attorney fees and other fees and costs payable under the worker's compensation law, whichever is less.

This bill requires the Department of Workforce Development (DWD) to award to the attorney or other representative of an injured employee a percentage of those funds recovered on behalf of the governmental unit. In addition, DWD is to award the attorney or representative an amount for reasonable expenses necessarily incurred in collecting the reimbursement. Award amounts could range from 15 to 30 percent for the attorney or representative.

The Department of Health and Family Services (DHFS) estimates that this bill will not significantly affect Medicaid collection revenues. The bill would provide additional incentives for attorneys to represent Medicaid clients in worker's compensation cases which could result in additional worker's compensation claim collections for MA. However, the amount the Medicaid program receives per worker's compensation claim would decrease under the bill. Because of these factors, it cannot be determined whether the bill will increase or decrease Medicaid revenues. However, any net impact will be small.

The administrative impact for the department is believed to be small and can be absorbed by the agency.

DHFS provides counties a 15 percent payment of 3rd party liability collections that the county identifies for the Medicaid program. This payment is an incentive for counties to identify other parties liable for medical costs. If this bill is passed, attorney fees will be deducted first, reducing the amount of the 3rd party payment DHFS makes to the county. It is not possible to estimate, based on the information available, what will be the specific impact to the counties.

Long-Range Fiscal Implications