

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4563/1	Introduction Number SB-665	
Description various changes to the worker's compensation law, modifying administrative rules related to worker's compensation, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input checked="" type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts		
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 s. 20.505 (2) (k); s. 20.505 (4) (kp)		
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Fiscal Estimate Narratives

DOA 2/14/2018

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Assumptions Used in Arriving at Fiscal Estimate

2017 SB 665 updates statutory provisions regarding worker's compensation, primarily contained in chapter 102, Worker's Compensation.

The Department's Bureau of Risk Management (Risk) administers worker's compensation for state employees as a self-funded insurance program. Generally, Risk directly pays claims costs, and assesses premiums to state agencies to provide for the claims and administrative costs. Currently, repricing is applied to the costs submitted under worker's compensation claims, whereby the costs are adjusted to a reasonable and customary amount. Currently, Wisconsin is one of eight (8) states with no worker's compensation medical fee schedule.

The bill would require the Department of Workforce Development (DWD) to establish a schedule of the maximum fees that a health care provider may charge an employer or insurer for service provided to an injured employee who claims worker's compensation benefits. The maximum fees would generally be established through the application of an average variation percentage increase determined through a comparison between the cost for services under the group health plans and self-insured plans with the cost under the federal Medicare program. The bill would also require the annual adjustment of the fee schedule. The Department estimates that these provisions would result in savings due to a reduction in claims costs, and to state agencies resulting from a reduction in premiums assessed to recover claims costs. The Department does not have the data to estimate the amount of these savings, and the amount is therefore indeterminate. The Department does not anticipate a change in workload resulting from these provisions.

Other provisions of the bill that impact the Department's Risk program include: additional payments for permanent partial disability; increases to the maximum weekly compensation rate for permanent partial disability; increases to the maximum amount of unaccrued benefits that may be provided to an injured employee as a lump sum in a compromise agreement. The Department estimates that these provisions will not impact the Department due to the regularity with which these types of adjustments currently occur.

Several provisions of 2017 SB 665 involve the Department's Division of Hearings and Appeals (DHA). For example, the bill would assign authority for alternative dispute resolution (ADR) to DWD. DHA currently handles approximately 5,000 hearings relating to worker's compensation annually. The assignment of ADR to DWD may result in a decreased in the number of worker's compensation hearings conducted by DHA; however, the actual change to the number of hearings cannot be predicted.

2017 SB 665 would also transfer licensing authority from DWD to DHA. Since DHA does not currently license individuals, this would be a new responsibility, with associated infrastructure, workload, staffing and resource (including IT systems) requirements. While the number of individuals who may seek licensure cannot be predicted, DHA estimates that it will not be a substantial number.

The bill would also grant explicit rule-making authority to carry out the worker's compensation law to DWD, with DHA prohibited from promulgating rules that conflict with DWD's rules. DHA would be required to comply with DWD's rules relating to the worker's compensation law. Since DHA's current practice is to follow DWD's rules, no significant change in procedures or processes is anticipated.

Because the relative change in workload and resource demands associated with the changes involving DHA cannot be predicted, SB 665 will have an indeterminate fiscal effect on DHA. It is anticipated, however, that DHA could assume any increased costs within its existing resources.

The Department estimates that 2017 SB 665 would result in lower claims costs for local units of

government, resulting from the implementation of a medical fee schedule. The Department does not have the data to estimate the amount of these savings; therefore, the local fiscal estimate is indeterminate.

Long-Range Fiscal Implications