

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5293/1	Introduction Number AB-1073
------------------------------------	---

Description
 various changes to the worker's compensation law

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

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

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input 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 checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.445 (1)(ra) and (1)(sm)

Agency/Prepared By	Authorized Signature	Date
DWD/ Andrew Evenson (608) 405-4472	Jennifer Sereno (608) 267-9692	2/20/2024

Fiscal Estimate Narratives

DWD 2/20/2024

LRB Number	23-5293/1	Introduction Number	AB-1073	Estimate Type	Original
Description various changes to the worker's compensation law					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes to Worker's Compensation law. Two of the seven provisions in the bill have a potential fiscal impact to the department.

The department estimates that the bill's provision increasing the maximum benefit rate for compensation paid to injured employees for permanent partial disability (PPD) will have a minimal, but indeterminate fiscal impact. The bill proposes to increase the maximum benefit rate to \$438 per week for injuries occurring on and after the effective date of the bill, and to \$446 per week for injuries on and after Jan. 1, 2025. This may increase worker's compensation insurance premiums for insured employers and worker's compensation payments for self-insured employers. The state of Wisconsin is a self-insured employer, therefore, as a state agency, the department may experience higher worker's compensation costs for employees who sustain work-related injuries. The department estimates that the impact from higher worker's compensation costs will be minimal. However, because it is difficult to predict potential worker's compensation claims, the specific impact to the department is indeterminate at this time.

The department estimates that the bill's provision to increase the threshold amount under 102.81 (1) (c) 1. from \$1 million to \$2 million could reduce future revenues, but by a minimal and indeterminate amount. The proposed bill increases the amount set in 2015 Wisconsin Act 55 from \$1 million to \$2 million that will require reimbursement to the uninsured employers fund (UEF). For these claims, the department includes an additional \$500,000 in the general administrative assessment to insurance carriers and self-insured employers for the Worker's Compensation Division to transfer to the Uninsured Employer's Fund pursuant to s. 102.81 (1) (c). By increasing the threshold from \$1 million to \$2 million the likelihood of including an additional \$500,000 assessment in the general assessment is reduced. However, the number of future claims that meet the higher threshold compared to the number of claims that have previously met the existing threshold is unknown. Therefore, the fiscal impact for this provision is indeterminate at this time.

The bill also requires DHA to return to DWD the case file for any case within 30 days after DHA issues an order on the merits of the case if there is no pending appeal to a court. The bill also clarifies that DWD has exclusive authority to close a case of a claim for compensation. The bill allows DWD to notify the parties when it closes a case of a claim for compensation. The fiscal impact is indeterminate.

Local governments that are self-insured employers may experience higher worker's compensation costs for employees who sustain work-related injuries under the increase to maximum compensation under this bill. DWD's information on local governments' worker's compensation claims is limited, therefore, the specific impact to local governments is indeterminate at this time.

Long-Range Fiscal Implications

Indeterminate.