

Colorado Legislative Council Staff Fiscal Note

**STATE and
STATUTORY PUBLIC ENTITY
FISCAL IMPACT**

Drafting Number: LLS 10-0206
Prime Sponsor(s): Sen. Hodge
 Rep. Ryden

Date: March 16, 2010
Bill Status: Senate Judiciary
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING ACCOUNTABILITY FOR WORKERS' COMPENSATION INSURERS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
Cash Funds		
Workers' Compensation Cash Fund	\$3,756	\$3,756
FTE Position Change	0.1 FTE	0.1 FTE
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill was recommended by the Interim Committee to Study Issues Related to Pinnacol Assurance (Pinnacol). It requires workers' compensation insurers to survey a limited number of injured workers and report survey findings annually to the Division of Workers' Compensation in the Department of Labor and Employment. The division must post the survey results on its web site as well as the procedures for an injured worker to file a complaint with the division. The bill also requires Pinnacol to submit an annual report to the Governor and the General Assembly on its business operations, resources and liabilities.

Background

Pinnacol is a political subdivision of the state that operates as a domestic mutual insurance company and provides workers' compensation insurance to over half of Colorado employers. As the insurer-of-last-resort, Pinnacol is prohibited by law in most cases from refusing to insure any Colorado employer. The state self-insures for workers' compensation insurance and uses Pinnacol to administer its program. The members of the Pinnacol board of directors are appointed by the Governor and the board appoints the chief executive officer. Pinnacol is funded by policyholder premiums and investment income and receives no state funding.

State Expenditures

The director of the Division of Workers' Compensation in the Department of Labor and Employment will determine the form and manner in which injured workers will be surveyed by insurers. Division staff will collect and post the survey responses on the division's website annually. An increase of \$3,756 and 0.1 FTE from the Workers' Compensation Cash Fund are required annually to process the surveys as shown in Table 1.

Table 1. Expenditures Under SB10-013		
Cost Components	FY 2010-11	FY 2011-12
Personal Services	\$3,756	\$3,756
FTE	0.1	0.1
TOTAL	\$3,756	\$3,756

Because the division has limited authority to resolve complaints, the fiscal note assumes that the division will post on its web site a list of options available to injured workers for assistance in the claims process. This requirement can be addressed within existing resources.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB10-013*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$592	\$592
Supplemental Employee Retirement Payments	140	170
TOTAL	\$732	\$762

**More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

Statutory Public Entity Impact

Pinnacol will provide an annual report to the Governor and General Assembly. The fiscal note assumes that Pinnacol can produce this report within its existing resources.

State Appropriations

For FY 2010-11, the Department of Labor and Employment requires an appropriation of \$3,756 and 0.1 FTE from the Workers' Compensation Cash Fund.

Departments Contacted

Labor and Employment

Personnel and Administration