

STATE
REVISED FISCAL IMPACT

(replaces fiscal note dated January 24, 2013)

Drafting Number: LLS 13-0209

Date: March 12, 2013

Prime Sponsor(s): Rep. Swalm
Sen. Jahn

Bill Status: Senate Judiciary

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TITLE: CONCERNING AN INCREASE IN THE AMOUNT OF THE AUTHORIZED DEDUCTIBLE FOR WORKERS' COMPENSATION INSURANCE POLICIES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: July 1, 2013, and applies to new and renewing workers' compensation insurance policies on or after this date.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

Under current law, workers' compensation policies are limited to a maximum \$5,000 deductible. An employer with a \$5,000 deductible is responsible for all claims less than \$5,000, as well as the first \$5,000 of claims above \$5,000. The *reengrossed bill* increases the maximum amount of deductible to the amount of the workers' compensation insurance rate split point approved by the Commissioner of Insurance in the Department of Regulatory Agencies. The split point is the amount of each loss that an insurer may apply as the primary loss in each workers' compensation claim when calculating an employer's experience rating. The experience rating is used to determine the amount the employer pays for workers' compensation coverage.

The bill clarifies that it is a violation of the Workers' Compensation Act for an employer or insurer to require an employee to pay for, or use any other type of insurance to pay for treatment of a workplace injury.

Background

Other states are increasing their rate split points to \$10,000 in 2013, \$13,500 in 2014, and \$15,000 in 2015.

State Expenditures

The Commissioner of Insurance is responsible to set the insurance rate split point. The fiscal note assumes that the commissioner can set the split rate point within existing resources.

Departments Contacted

Regulatory Agencies