

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0302	Date: February 20, 2014
Prime Sponsor(s): Rep. Rosenthal Sen. Tochtrop	Bill Status: House Business, Labor, Economic, and Workforce Development
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SHORT TITLE: SUNSET WORK COMP PHYSICIAN ACCREDITATION PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		\$100,000
Cash Funds		100,000
State Expenditures	\$135,000	\$293,268
Cash Funds	135,000	293,268
FTE Position Change		2.5 FTE
Appropriation Required: \$135,000 - Department of Labor (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

As recommended in the Department of Regulatory Agencies' sunset review, this bill continues the Workers' Compensation Accreditation Program (WCAP) administered by the Division of Workers Compensation (division) in the Colorado Department of Labor and Employment (CDLE) until September 1, 2025. It also requires the DWC to conduct a study on the potential impact on the state's workers' compensation system if it adopts the most current version of the American Medical Association's Guides to the Evaluation of Permanent Impairment (AMA Guides). The division is required to report its findings and recommendations for legislative changes to the General Assembly on or before December 31, 2014. Finally, the bill removes the cap on registration fees for accreditation.

Background

The WCAP educates physicians about the medical, administrative, and legal impacts of providing medical care in the workers' compensation system. Impairment is based on a worker's ability to use the damaged body part or organ in his or her everyday life based on a "maximum medical improvement" standard. Under current law, the WCAP trains physicians to use the AMA Guides, Third Edition, published in 1991. The most recent version is the Sixth Edition, published in 2008. Fees paid by physicians fund the direct costs of the program while administrative costs are funded by the Workers' Compensation Cash Fund.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the division in the CDLE that is set to repeal, effective July 1, 2014. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2015-16, one year after the repeal date. There is no need for an appropriation of the program's base funding in FY 2014-15, since \$188,665 from the Workers' Compensation Cash Fund, \$115,000 from the Physicians Accreditation Program Cash Fund, and 2.5 FTE are included in the CDLE base budget request for FY 2014-15. In addition, the WCAP has continuous spending authority from the Physicians Accreditation Program Cash Fund. Fee revenue is expected to be approximately \$100,000 per year to the Physicians Accreditation Program Cash Fund.

State Revenue

Because the CDLE will have the authority to set fees for physician accreditation in rule beginning in FY 2014-15, there may be a change in registration fees. Because the registration fees will be set to cover the direct program costs and those costs do not fluctuate significantly, total fee revenue is expected to remain approximately \$100,000 per year.

State Expenditures

This bill will increase expenditures in the division by \$135,000 in FY 2014-15 from the Workers' Compensation Cash Fund. These are costs for the study of implementing the 6th edition of the AMA's Guides. This assumes that a vendor will be contracted to conduct the study for \$125,000 and that the Workers' Compensation Medical Director will contribute 40 hours of case analysis and review to the study. Based on an hourly rate of \$250 per hour, her services are estimated at \$10,000.

The division will have an increased workload in order to set rules administratively; however this workload is expected to be minimal and to not require new appropriations.

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

For FY 2014-15, the CDLE requires an appropriation of \$135,000 from the Workers' Compensation Cash Fund.

State and Local Government Contacts

Labor and Employment