

*Colorado Legislative Council Staff*  
**STATE AND LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 05-0521  
**Prime Sponsor(s):** Rep. Carroll M.  
 Sen. Takis

**Date:** January 26, 2005  
**Bill Status:** House Business Affairs and Labor  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING THE ABILITY OF AN INJURED WORKER UNDER THE "COLORADO WORKERS' COMPENSATION ACT" TO SELECT THE MEDICAL PROFESSIONAL WHO WILL ATTEND THE WORKER.

Fiscal Impact Summary	FY 2005/06	FY 2006/07
<b>State Revenues</b>		
<b>State Expenditures</b>	Potential increase	
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> Upon signature of the Governor.		
<b>Appropriation Summary for FY 2005/06:</b> None		
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.		

**Summary of Legislation**

This bill allows an injured employee, rather than the employer or insurer, to select the licensed medical professional who provides medical care to the injured employee. The bill defines a licensed medical professional to be a professional licensed under the "Colorado Medical Practice Act," which specifically excludes dentists, podiatrists, optometrists and chiropractors.

**State Expenditures**

**Dispute Resolution.** Currently, the majority of workers' compensation disputes requiring a formal hearing with the Department of Personnel and Administration, Division of Administrative Hearings are brought by injured employees and relate to change of physician, reasonable and necessary treatment, treatment after maximum medical improvement and disability ratings. Under HB05-1018, it is anticipated that these will be nearly eliminated since the employee chooses the medical provider. However, it is also anticipated that employers will request many more hearings to review treatment after maximum improvement and disability ratings. The degree to which employee requested hearing will offset employer requested hearings is contingent upon the actions of employees and employers. At this time, the fiscal note assumes that the increase in employer requested hearings will balance the decrease in employee requested hearings and that there will be no workload change

for hearings. Should there be a dramatic change in workload, it is assumed that funding adjustments would be addressed through the annual budget process.

***Workers' Compensation Costs for the State.*** Because the bill significantly changes how the Workers' Compensation program will be administered, the potential for increased state cost is real. Although costs cannot be quantified at this time, the basis for speculating a state fiscal impact is based on the following:

- medical costs may increase if the employee changes providers until a provider is found who identifies a workers' compensation claim;
- employee chosen providers may not be trained in occupational medicine and may mis-diagnose injuries;
- employee chosen providers may not be Level II accredited and, therefore, may not be able to give impairment ratings creating the need for additional evaluations; and
- the lack of a time line for the employee to choose a medical provider may delay medical treatment and increase time away from work.

If some or all of these points are realized, the state Workers' Compensation expenditures would increase. However, current cost containment measures remain in effect, including the medical fee schedule, medical treatment guidelines, medical impairment ratings, provider accreditation programs, and the premium cost containment and Employer Certification Program. Until there is actual experience with the system that allows the employee to choose the medical provider, Workers' Compensation costs cannot be determined.

### **Local Government Impact**

As employers, local governments may also have increased workers' compensation insurance costs due to the points listed above.

### **Departments Contacted**

Labor and Employment

Personnel and Administration