Louisiana Legislative Fiscal Office Fiscal Notes

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1101** HLS 26RS 2199
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:
REVISED

Date: April 17, 2026 11:19 AM **Author:** MELERINE
Dept./Agy.: LA Works / Office of Risk Managment
Subject: Workers Compensation Benefits and Rehabilitation **Analyst:** Darynn Hoppe

WORKERS COMPENSATION OR -$7,162,245 SG EX See Note

Provides relative to maximum medical improvement, income benefits, the misrepresentation of benefits or payments, and the rehabilitation of injured employees under workers' compensation

Present law provides for a dispute process through the Office of Workers' Compensation (OWCA), should the condition of the employee, or the employee's capacity to work come into question. Present law provides that compensation owed from workers' compensation claims shall be paid according to the established schedule of payments. Present law provides the award of supplemental earnings benefits and sets a maximum time to claims such benefits of 520 weeks. Present law provides for the conditions in which temporary total disability benefit payments shall end.

Proposed law adds a definition for Maximum Medical Improvement (MMI), and clarifies that a dispute can include but is not limited to the cause of the employee's condition regardless of whether the employee has reached MMI. Provides that temporary total disability benefits will end when an employee's physical condition has improved to the MMI. The cap on supplemental earnings benefits decreases from 520 weeks to 416 weeks. Establishes a termination date by age of the employee and a termination date for survivor's benefits by age of the decedent or by duration after the date of injury/exposure.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($35,811,225)**
Ded./Other		$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($7,162,245)**	**($35,811,225)**

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to decrease SGR expenditures by $7.16 M in FY 26, and an indeterminable but likely significant amount in future years. ORM provided the projected savings for FY 27, this fiscal note assumes level savings throughout the five-year timeline.

Proposed law defines Maximum Medical Improvement (MMI) and revises the duration of temporary total disability benefits to include the new definition. The adoption of the MMI standard is anticipated to reduce total claims paid by the Office of Risk Managment (ORM) for temporary total disability benefits. This bill requires that temporary total disability benefits will cease upon the determination that the physical condition of the employee is unlikely to improve substantially, with or without medical treatment. Currently an employee's benefits cease when their condition improves to the point that continued regular treatment by a physician is unnecessary.

Proposed law changes the eligibility period for supplemental earnings benefits. Currently the right to supplemental earnings benefits shall not exceed a maximum of 520 weeks. The bill decreases the maximum eligibility period to 416 weeks. The reduction of the eligibility period is also expected to result in a reduced total amount of claims paid by ORM to eligible recipients.

Proposed law also creates new stipulations that all income benefits shall terminate on the date the employee reaches 75 years of age, or five years after the date of last injury or exposure, whichever occurs last; and that any death benefits to be paid to spouses and or dependents shall terminate on the date the injured employee would have reached age 74 or four years after the date of last injury or exposure. To the extent eligible benefit recipients reach this threshold, ORM may realize a decrease in the total amount of claims paid.

Office of Risk Management (ORM)

ORM believes that implementation of proposed law will result in reduced SGR expenditures related to workers' compensation claims payments, in an estimated amount of $7.16M for FY 26. ORM has applied the new definitional requirements to their current payment schedule and has derived their cost estimate from these changes and YTD payment data. A detailed table of these assumptions can be found on page 2 below.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Annually, the Assistant Secretary determines an assessment to be collected by each employer to be deposited into the OWCA Fund for Office of Workers' Compensation program expenses. Any changes to expenses associated with the bill may or may not change the annual workers compensation assessment. The fund has an appropriation of $19.01 M in FY 26 and had a beginning balance of $3.98 M on July 1, 2025.

Senate Dual Referral Rules
- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House
- [ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
- [ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

Alan M. Boxberger
Legislative Fiscal Officer

CONTINUED EXPLANATION from page one:

Office of Risk Management (Continued)

ORM believes that adoption of MMI and gainful employment definitions will result in reduced litigation and defense costs over time. To the extent that the eligibility requirements contemplated in proposed law are adopted, the shift of disputes from ongoing treatment and temporary disability status, to more discrete MMI determinations and permanent disability status, may result in a reduced number of administrative disputes. These potential savings are not reflected in the cost decrease in this fiscal note, as they are speculative and indeterminable.

The below table from ORM details the projected decrease in claims paid by the agency by category:

Benefit Category	Projected FY 27 Decrease
Total Temporary Disability over 75	$ 837,813
Supplemental Earning Benefits over 8 years	$ 311,823
Total Temporary Disability under 69 over 156 weeks	$ 5,872,815
Communication / Educational Materials	$ 139,793
Total	**$ 7,162,245**

Louisiana Works (LA Works)

LA Works reports that the provisions of this bill will not result in any additional material expenditures for the agency. LA Works believes the changes contemplated in the bill to be technical changes, that will not require any additional administrative resources to carry out.