

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 408** SLS 26RS 205

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 7, 2026	9:34 AM	Author: MYERS
Dept./Agy.: Office of Risk Management, LA Works,		Analyst: Darynn Hoppe
Subject: Workers' compensation reimbursement schedule		

WORKERS' COMPENSATION RR INCREASE SD EX See Note Page 1 of 2
Provides relative to the workers' compensation reimbursement schedule. (gov sig)

Present law sets a fee schedule set administratively by Office of Workers' Compensation (OWCA), with reimbursement rates established from fixed methodologies. Proposed law provides for the dispute process between healthcare providers, employees, employers, or insurers.

Proposed law establishes new guidelines for the assistant secretary to consider while adopting a reimbursement schedule. Proposed law expands the dispute process between a health care provider and the employee, employer, or workers' compensation payor. Proposed law provides guidelines for approval of health care providers. Proposed law defines civil penalties and authorizes Louisiana Works to levy fines. Proposed law creates the All Workers' Compensation Medical Claims Database and establishes the duties of the Office of Workers' Compensation.

Effective upon governor's signature.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	

EXPENDITURE EXPLANATION
Proposed law is anticipated to result in a significant increase to Statutory Dedication expenditures out of the Workers' Compensation Administration Fund and the Self Insurance Fund, in a sum of up to \$660,220 in FY 27, falling to \$569,424 in FY 28, and increasing to approximately \$720,000 in future fiscal years (see potential expenditure projections on page two). The Office of Risk Management (ORM) reports it will realize increased SGR expenditures related to penalty payments.

Proposed law modifies the governing provisions of workers' compensation reimbursement rates. To the extent that changes to present law result in increased reimbursement rates, workers' compensation providers may realized increased costs. Because the state self insures workers' compensation liabilities through the ORM, any increase to medical reimbursement amounts, utilization rates, or changes to provider and claimant behaviors will directly impact state costs depending on the direction of the change, however the magnitude of such changes is currently indeterminable and speculative dependent on decisions made by the assistant secretary.

This bill creates the All Workers' Compensation Medical Claims Database and requires mandatory quarterly reporting of all medical and pharmacy claims data. Proposed law authorizes Louisiana Works to analyze and review data to support rate setting, fraud detection, utilization review, and policy development. Louisiana Works reports that in order to build a database to store all workers' compensation medical payment data, a portal to receive data, and complete analysis of received data, additional resources will be required by the department. A full breakdown of costs requested by LA works can be found on page two.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION
Proposed law is anticipated to increase Statutory Dedications into the Workers' Compensation Administration fund by an indeterminable amount and potentially to the Labor - Penalty and Interest Account. The bill provides that all fines imposed upon workers' compensation payors for failure to provide proper payment shall be deposited into the Workers' Compensation Administration Fund (LB4). Proposed law also creates penalties and civil fines for failure to adhere to certain provisions of proposed law.

Proposed law is anticipated to result in an indeterminable increase to local revenues. Proposed law creates a new misdemeanor crime of failure to maintain confidentiality and protect data of the All Workers' Compensation Medical Claims Database. To the extent that individuals are convicted of this crime, a fine of not more than \$500 shall be levied. Any fines levied for this crime would accrue to the local governing authorities.

Annually, the Assistant Secretary determines an assessment to be collected by each employer to be deposited into the Office of Workers' Compensation Administrative Account 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
 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}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Office of Risk Management

The Office of Risk Management (ORM) reports an anticipated increase in SGR expenditures to pay for the new penalties provided for in the bill. Currently the penalty for late payment of medical expenses is a maximum of \$2,000. This bill would raise the maximum to a new cap of \$5,000. ORM Reports that from FY 21 - FY 26 YTD, they have incurred a total of \$196,758, or \$39,352 annually in penalties for medical payments. Using the previous period as a baseline, under the new penalty structure, this amount may increase to \$491,896 total, or \$98,379 annually. ORM's third party administrator was responsible for and paid the majority of the penalties during the previous five years; ORM paid \$28,500 from FY 21 - FY 26 YTD. To the extent proposed law results in a baseline decrease in the number of penalty payments, ORM's cost assumptions may be partially mitigated.

Louisiana Works

Louisiana Works anticipates the need to contract with a database development programmer to build the required database and portal, at an estimated minimum of one year full-time effort. In addition to the contracted technology services, the agency reports the need for additional equipment and four additional T.O. positions: a Compliance Investigator (needed for FY 29 onwards), (2) IT Program Managers, and an Administrative Assistant. Below is a breakdown of the estimated Personal Services requested by LA Works. To the extent that revenues generated from fines and penalties authorized in proposed law are insufficient to cover any expenditures incurred by LA Works, the LFO assumes the Assistant Secretary will be required to adjust the employer assessment to cover costs.

Positions (includes salaries and related benefits)

	FY 27	FY 28	FY 29	FY 30	FY 31
Compliance Investigator					
Salary + Related Benefits	\$ 0	\$ 0	\$ 134,459	\$ 139,838	\$ 145,431
IT Program Manager (2)					
Salary + Related Benefits	\$ 347,087	\$ 360,970	\$ 375,409	\$ 390,425	\$ 406,042
Administrative Program Specialist C (1)					
Salary + Related Benefits	\$ 85,701	\$ 89,129	\$ 92,694	\$ 96,402	\$ 100,258
TOTAL	\$ 432,788	\$ 450,099	\$ 602,562	\$ 626,665	\$ 651,732

In addition to personal costs, LA Works reports that it will accrue additional expenditures relating to operating costs and equipment. The table below shows a breakdown of these costs.

Equipment and Operating Costs	FY 27	FY 28	FY 29	FY 30	FY 31
Laptops (4 x \$2,000)	\$ 6,000	\$ 0	\$ 2,000	\$ 0	\$ 0
Development Applications Server	\$ 2,592	\$ 2,592	\$ 2,592	\$ 2,592	\$ 2,592
Development Database Server	\$ 5,040	\$ 5,040	\$ 5,040	\$ 5,040	\$ 5,040
Production Applications Server	\$ 2,904	\$ 2,904	\$ 2,904	\$ 2,904	\$ 2,904
Production Database Server	\$ 6,480	\$ 6,480	\$ 6,480	\$ 6,480	\$ 6,480
Storage Costs	\$ 202	\$ 202	\$ 202	\$ 202	\$ 202
Developer Programmer Contract	\$ 204,214	\$ 40,843	\$ 40,843	\$ 40,843	\$ 40,843
Annual Database/Portal Maintenance	\$ 0	\$ 61,264	\$ 61,264	\$ 61,264	\$ 61,264
Total	\$ 227,432	\$ 119,325	\$ 121,325	\$ 119,325	\$ 119,325

NOTE: The LFO cannot corroborate that the provisions of proposed law would require the resources identified by La Works, but acknowledges that a workload increase will be necessitated for implementation. To the extend that workload may be greater or less than estimates provided by LA Works, costs may be higher or lower than the estimates provided.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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