

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 863** HLS 24RS 2139

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 10, 2024	3:04 PM	Author: ECHOLS
Dept./Agy.: LA Workforce Commission & Office of Risk Management		Analyst: Noah O'Dell
Subject: Workers' Compensation - Medical Reimbursement Schedule		

WORKERS COMPENSATION OR +\$200,000 SD EX See Note Page 1 of 1
Provides for adoption of a medical fee reimbursement schedule for workers' compensation

Current law provides the Assistant Secretary of the Office of Workers' Compensation (WC) in the LA Workforce Commission (LWC) shall establish and promulgate a reimbursement schedule including charges limited to the mean of the usual and customary charges for such care, services, treatment, drugs, and supplies that are lawfully recognized in this state and which are applicable to any person or corporation who renders these. The Assistant Secretary publishes the Workers' Compensation medical reimbursement schedule and collects data from providers necessary to calculate the schedule.

Proposed law requires the Assistant Secretary to contract, on or before Jan. 1, 2025, with a neutral, independent consultant in supporting the development and annual maintenance of the WC medical reimbursement schedule and provide data analytics for regulatory decisions. The new medical reimbursement schedule is required to be based on medicare but comparable to surrounding states with characteristics and private health claim reimbursements similar to LA. The bill mandates execution of consultant contract on or before January 1, 2025 with schedule effective on January 1, 2026. The Assistant Secretary will continue to publish the WC medical reimbursement schedule but is no longer authorized to gather data from providers.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Ded./Other	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$200,000					\$200,000

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

LWC estimates the proposed law will result in a total estimated annual cost \$200,000 that includes contracting with the independent consultant by January 1, 2025 to develop and maintain annual updates to the new workers' compensation reimbursement schedule along with website licensing/maintenance fees related to data analytics once the schedule is established. Consultant costs related to the schedule are estimated to be about \$100,000 per year, based on previous contracts between LWC and FAIR Health, which the LFO has no grounds to question, and could be absorbed in the existing budget from the Workers' Compensation Administrative Fund. However, the bill mandates a contractual arrangement for the medical reimbursement schedule and actual costs could be higher, which may require additional resources whether through assessment (see Revenue Explanation below) or state general fund. For data analytics provided through the consultant, LWC envisions creation of an automated reimbursement schedule that allows for searching and quicker referencing when applying medical codes for billing and invoicing, which will also be used to inform regulatory decisions, and is estimated to cost an additional \$100,000 annually.

The Office of Risk Management (ORM) provides workers' compensation insurance for state employees. To the extent the bill affects the amount owed for medical reimbursements, premiums billed to state agencies may need to be adjusted.

REVENUE EXPLANATION

Should the LWC require additional resources in the form of an assessment on each insurer or self-insured employer to cover the expenses of the Office of Workers' Compensation, statutory dedication revenue will increase by the amount necessary to secure the contract. The assessments are deposited to the Workers' Compensation Administrative Fund.

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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