

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 863** HLS 24RS 2139
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 29, 2024	7:04 PM	Author: ECHOLS
Dept./Agy.: LA Workforce Commission & Office of Risk Management		
Subject: Workers' Compensation - Medical Reimbursement Schedule		Analyst: Noah O'Dell

WORKERS COMPENSATION RE +\$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 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. Certain confidentiality restrictions exist on data collected via survey.

Proposed law requires the Assistant Secretary to collect information, examine various processes, use data to calculate the new medical reimbursement schedule, and include/consider all external stakeholders in the calculation. The new schedule is required to be reasonable when compared to schedules of surrounding states and states with similar characteristics of surrounding states. The bill mandates the promulgation of the new medical reimbursement schedule to become effective on Jan. 1, 2026. The Assistant Secretary is required to update the schedule annually when necessary using data and information. Confidentiality restrictions on data from surveys are retained.

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.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

LWC estimates the proposed law will result in a total estimated annual cost \$200,000 to develop and maintain annual updates to the new workers' compensation reimbursement schedule along with website licensing/maintenance fees once the schedule is established.

The bill requires the Assistant Secretary of OWC to collect information and data to calculate the reimbursement schedule, include/consider all external stakeholders, promulgate a new reimbursement schedule with certain specifications by Jan. 1, 2026, adjust the schedule annually when necessary, and report quarterly to the House and Senate committees on Labor.

LWC reports the OWC should be able to comply with most of the requirements of the bill utilizing existing staff. However, the agency does not have the expertise or the data necessary to accomplish the task of calculating and annually updating the reimbursement schedule with the data specifications set forth in the bill. OWC will be required to bring in an outside consultant with access to proprietary data from the neighboring states and states with similar characteristics of neighboring states.

Consultant costs related to the schedule are estimated to be approximately \$100,000 per year, based on previous contracts, 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 LWC to update the medical reimbursement schedule using data and information to ensure the it continues to meet the specifications of the bill. Actual costs for consultant services could be higher, which may require additional resources whether through assessment (see Revenue Explanation below) or state general fund. LWC envisions creation of an automated reimbursement schedule that allows for searching and quicker referencing when applying medical codes for billing and invoicing 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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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