

Fiscal Note Request HB0466, As Introduced

(continued)

- b. Increase the weekly benefit rate for permanent partial disability from 66 2/3 percent to 85 percent of the wages received at the time of injury.
 - c. Increase the maximum rate of weekly benefit for permanent partial disability of 50 percent of the states average weekly wage to 75 percent of the states average weekly wage.
 - d. Increase modifiers used for workers who had been performing:
 - i. "Heavy labor activity" prior to injury but can only perform "light labor activity" post injury – from 5 percent to 20 percent "Heavy labor activity" prior to injury but can only perform "medium labor activity" post injury – from 3 percent to 15 percent; and,
 - ii. "Medium labor activity" prior to injury but can only perform "light labor activity" post injury – from 2 percent to 10 percent.
 - e. Increase modifiers used to determine ratings on actual wage loss equal to or greater than \$4 per hour.
 - i. Actual wage loss of \$4 to \$6 per hour will have a rating of 30%.
 - ii. Actual wage loss of \$6 or more per hour will have a rating of 40%.
7. The fiscal impact on state agencies, as policyholders of the State Fund, would be increased premium payments of roughly 15 percent to 20 percent.
8. State Fund estimates the workers' compensation premium paid by state agencies will be \$14,396,612 in FY 2006. A 15 percent to 20 percent increase in premium correlates to a \$2,160,000 to \$2,880,000 increase in premium.
9. State Fund estimates the workers' compensation premium paid by state agencies will be \$15,404,262 in FY 2007. A 15percent to 20percent increase in premium correlates to a \$2,310,000 to \$3,080,000 increase in premium.
10. For purposes of the fiscal impact it is assumed the rate of increase is 20 percent.
11. Funding splits are based on personal services expenditures for FY 2004. The percentage splits are: general fund – 40.4 percent; state special revenue – 33 percent; federal special revenue – 15 percent; and proprietary funds – 11.6 percent.

ASSUMPTIONS:

Department of Labor and Industry

- 12. The department assumes all workers' compensation insurers in Montana will increase premium rates for most, if not all, occupational classification codes to cover cost increases of permanent partial disability benefits available under HB 466. Increased premium rates will impact all state agencies.
- 13. HB 466 would increase the amount of permanent partial benefit payments paid from the Uninsured Employers' Fund (UEF). However, the department is unable to quantify the cost. The department assumes that it would experience the same percentage increase in permanent partial benefit payments as the State Fund experiences.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
FTE		
<u>Expenditures:</u>		
Personal Services	\$2,880,000	\$3,080,000

Funding of Expenditures:

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General Fund (01)	\$1,163,520	\$1,244,320
State Special Revenue (02)	\$950,400	\$1,016,400
Federal Special Revenue (03)	\$432,000	\$462,000
Other	<u>\$334,080</u>	<u>\$357,280</u>
TOTAL	\$2,880,000	\$3,080,000

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$1,163,520)	(\$1,244,320)
State Special Revenue (02)	(\$950,400)	(\$1,016,400)
Federal Special Revenue (03)	(\$423,000)	(\$462,000)
Other	(\$334,080)	(\$357,280)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. Workers' compensation insurance premiums will increase 15 percent to 20 percent. Local governments (i.e., cities and counties) will experience increased premiums as a result of workers' compensation insurers passing on the costs of increased benefits.