



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0174
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Title:	Authorize alternatives for state agency worker's compensation coverage
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Primary Sponsor:	Keane, Jim
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Status:	As Introduced
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| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: The fiscal impact of the State of Montana obtaining workers' compensation coverage under plan no. 1 (self-insured), plan no. 2 (private carrier), or plan no. 3 Montana State Fund (MSF) is uncertain as the fiscal impact will vary based on the plan elected and the timeframe of the election.

FISCAL ANALYSIS

Assumptions:

Montana State Fund (MSF)

1. The bill authorizes the Department of Administration to select the State of Montana's workers' compensation coverage under plan number 1 (self-insured), plan number 2 (private carrier), or plan number 3 (Montana State Fund).
2. For policies written in 2013, it is estimated the state agency premium is \$14.0 million of \$157 million or 8.9%. For policies written in 2012, state agency net premium paid was \$13.3 million of \$150.5 million or 8.9%.
3. MSF may be a third-party administrator, upon board approval, and contract with the Department of Administration if plan no.1 is selected.

4. MSF is required to establish premium rates to be neither more nor less than self-supporting (39-71-2311, MCA), manual rates will reflect actual losses over time independent of the Department of Administration's election of the State of Montana's workers' compensation coverage plan.
5. If the State of Montana obtains workers' compensation coverage under plan no. 1 or plan no. 2, MSF staffing levels will continue to be needed to manage the claims of injured state employees that occur prior to the Department of Administration's selection of another workers' compensation coverage plan. MSF staffing may be reduced over time as workloads decrease, unless approved to be a third-party administrator if plan no. 1 is selected.

Department of Administration

6. The fiscal impact to the State of Montana would be dependent upon the state's determination to obtain coverage through plan number 1 (self-insured), plan number 2 (private insurer), or plan number 3 (Montana State Fund). Which plan elected and the timeframe of the election would affect the fiscal impact which is unknown at this time.

Sponsor's Initials

Date

Budget Director's Initials

Date