



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0719 - Revise workers' compensation laws relating to designation of treating physician (Oblander, Greg)

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" 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 2024 Difference</u> | <u>FY 2025 Difference</u> | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Other (Proprietary) | | ----- unknown ----- | | |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Other (Proprietary) | | ----- unknown ----- | | |
| Net Impact-General Fund Balance | \$0 | \$0 | \$0 | \$0 |

Description of fiscal impact: HB 719 may result in an increase in the workers' compensation system cost in Montana. Designating the treating physician was a material portion of the workers' compensation system cost reductions created following the enactment of HB 334 in 2011. It is anticipated that the system cost savings attributable to managed care or preferred provider organizations will be reduced if insurers, managed care organizations and preferred provider organizations are prohibited from designating or approving a treating physician. Any increase in workers' compensation system cost will be reflected in the rates charged to policyholders. Since the Montana State Fund cannot determine the fiscal impact, and therefore the effect on premiums, the fiscal impact on premiums paid by state agencies cannot be determined.

FISCAL ANALYSIS

Assumptions:

Montana State Fund

- HB 719 specifies that an insurer, managed care organization, or healthcare provider organization cannot require a worker to use a particular treating physician or otherwise coerce the use of a particular treating

physician. Designating the treating physician was a material portion of the workers' compensation system cost reductions created following the enactment of HB 334 in 2011.

2. The National Council on Compensation Insurance (NCCI) filed with the Montana Commissioner of Securities and Insurance a loss cost filing following the enactment of HB 334. In this filing, NCCI determined the insurers' ability to designate the treating physician after acceptance of liability reduced Montana workers' compensation system loss cost by 8.5%.
3. Loss cost is also known as pure premium or pure cost, which is the amount of money an insurer must pay to cover claims, including the costs to administer and investigate such claims. Loss cost, along with other items, is factored in when calculating premiums.
4. HB 719 will enable the injured worker the sole discretion to designate a treating physician. The insurer has no ability to change the employee's designation of treating physician if the designated person does not agree to carry out the responsibilities of the treating physician.
5. The lack of ability to refer workers to relevant medical specialists or otherwise enable prompt, appropriate care may result in delayed treatment and increased system costs.
6. The Montana State Fund is unable to estimate the fiscal impact of the statutory change.

State Agencies

7. Since the Montana State Fund cannot determine the fiscal impact, and therefore the effect on premiums, the fiscal impact on premiums paid by state agencies cannot be determined.

Technical Notes:

1. The new language in subsection (1) of section 1 conflicts with the existing language in subsection (2) of section 1 creating uncertainty in how the bill will be interpreted.



Sponsor's Initials

Date



Budget Director's Initials



Date