



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0923 - Revise workers compensation laws to increase benefits (Harvey, Derek J)	
Status:	As Introduced

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| <input checked="" 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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other	Unable to Determine	Unable to Determine	Unable to Determine	Unable to Determine
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other	Unable to Determine	Unable to Determine	Unable to Determine	Unable to Determine
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: HB 923 will increase compensation benefits paid to injured workers by eliminating the average weekly wage as the maximum weekly compensation to be paid to an injured employee. This increase in the compensation benefits will impact the overall Montana workers' compensation system but this overall system impact cannot be determined by Montana State Fund.

Montana State Fund will pay claim benefits as established in law and establish policyholder premium rates that are sufficient to offset cost of the increased compensation benefits.

FISCAL ANALYSIS

Assumptions:

Montana State Fund


1. Montana State Fund is required to establish premium rates to be neither more nor less than self-supporting (39-71-2311, MCA). Policyholder premium rates will increase as necessary to reflect the increases to claim benefits.
2. The law in effect on the date of injury controls the benefits payable under the Workers' Compensation Act.
3. The Department of Labor and Industry calculates the state's average weekly wage which serves as the maximum weekly benefit amount for most indemnity benefits. That calculation is completed on an annual

basis for a given year starting on July 1. The current average weekly wage is set at \$974 per week for claims with a date of injury from July 1, 2022 through June 30, 2023.

- 4. Current law provides for weekly compensation claim benefit payments associated with fatal, permanent total disability (PTD) and temporary totals disability (TTD) benefits to be 66-2/3% of wages at the time of injury. The maximum weekly compensation benefits paid are capped at the state’s average weekly wage. HB 923 removes the weekly benefit cap which will result in additional benefits being paid for worker’s injuries occurring on or after October 1, 2023.
- 5. Current law provides that permanent partial disability benefits (39-71-703(6), MCA) are based on 66-2/3% of the worker’s average weekly wage, capped at one-half of the state’s average weekly wage. Currently, that amount is set at \$487 per week but will be recalculated for use after July 1, 2023. All workers with a date of injury on or after October 1, 2023, that qualify for permanent partial disability benefits with an average weekly wage times 66-2/3% that equals more than one-half of the state’s average weekly wage will receive additional permanent partial disability benefits.
- 6. The fiscal impact of HB 923 is currently unknown as the increase in benefits will be based on injured workers’ wages for injuries that occur on or after October 1, 2023. The increase in benefits will be reflected in the rates being charged to policyholders.
- 7. The fiscal impact on worker’s compensation premium to be paid by state agencies is not known but will likely increase.

Effect on County or Other Local Revenues or Expenditures:

- 1. All county or local entity employers seeking coverage for their workers compensation insurance liability will likely be required to pay higher premium.

<i>Sponsor’s Initials</i>	<i>Date</i>	 <i>Budget Director’s Initials</i>	<i>3-29-23</i> <i>Date</i>
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