

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 28, 2003

TO: Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1282 by Fraser (Relating to notice provided to certain self-insured entities for workers' compensation purposes.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Labor Code to specify that when written notice of a workers' compensation claim is filed with a political subdivision that self-insures, notice for the purpose of determining time frames in which to respond to the claim is not official until the intergovernmental risk pool or other entity responsible for administering the claim receives the notice.

Under current statute, entities that self-insure have less time than those that do not self-insure for responding to a workers' compensation injury claim because the time limitations apply from the time the employer is notified rather than when the entity administering claims receives notice. Because this shortens the time in which a claim may be processed and notice given by the claims administrator to the person making the claim regarding compensability, often the self-insured political subdivision loses the right to contest compensability. In an effort to avoid that situation, administrators submit a general notice to the Texas Workers' Compensation Commission (TWCC). This has resulted in an increase in the number of notices processed by TWCC and in the number of compensability disputes appealed to the TWCC.

By changing the definition of when notice has been officially received by a self-insured political subdivision, the claims administrator should have sufficient time to process and respond to claims within the time restraints set out in statute. This should reduce the number of notices and disputes sent to the TWCC, reducing the agency's workload somewhat, although the agency estimates that the savings would be considered insignificant.

The increased time frames for the political subdivision's contract claims administrator to respond to a claim is expected to reduce the number of claims that the self-insurer must pay simply as a result of not processing within the statutory time constraints. It is also expected to reduce the number of claims appealed to the TWCC. Savings would vary based on the expense of the claims that would possibly have otherwise been paid at a higher level or been paid unnecessarily because of missing deadlines. Savings based on a reduction in appeals to be filed or defended would also vary.

The bill would take effect September 1, 2003.

Local Government Impact

Impact to units of local government that self-insure for workers' compensation are expected to experience a savings, the amount of which would vary.

Source Agencies: 453 Workers' Compensation Commission, 478 Research and Oversight Council on Workers' Compensation

LBB Staff: JK, RR, JB, DLBa