LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 20, 2007

TO: Honorable Helen Giddings, Chair, House Committee on Business & Industry

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB2166** by Bailey (Relating to creation and operation of a pilot program for certain voluntary alternative agreements regarding compensable injuries.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2166, As Introduced: an impact of $0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	$0
2009	$0
2010	$0
2011	$0
2012	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *DEPT INS OPERATING ACCT* 36	Probable Revenue Gain from *DEPT INS OPERATING ACCT* 36	Change in Number of State Employees from FY 2007
2008	($246,050)	$246,050	3.0
2009	($204,226)	$204,226	3.0
2010	($206,326)	$206,326	3.0
2011	($206,091)	$206,091	3.0
2012	($205,926)	$205,926	3.0

Fiscal Analysis

The bill would amend the Labor Code to establish a pilot program for certain voluntary alternative agreements for workers' compensation. The bill would provide that certain labor unions would be able to enter into voluntary agreements with certain employers to set up alternative dispute resolution, health care delivery, case management, return-to-work and rehabilitation provisions apart from those in the current Workers' Compensation Act and under the jurisdiction of the Division of Workers' Compensation (DWC) at the Texas Department of Insurance (TDI). The bill would require these voluntary agreements to be filed with TDI, and the provisions of the agreement would be binding on the parties. The commissioner would be required to collect data from the parties and issue an annual report on the pilot program. The pilot program would expire September 1, 2017.

The bill would take effect immediately upon a two-thirds vote in each house, otherwise the bill would take effect September 1, 2007.

Methodology

Based on the analysis of the TDI, it is assumed there would be costs associated with establishing this pilot program. Costs would include salaries for 3.0 FTEs, two Program Specialist VI and one Research Specialist V, in the amount of $147,672 each fiscal year with associated benefit costs of $41,776 each fiscal year. It is assumed an information technology application would need to be developed to allow for electronic filing of information by the parties. Costs for this application would include development costs of $30,000 in fiscal year 2008 and data storage costs of $2,300 in fiscal year 2008, $4,300 in fiscal year 2009, $6,400 in fiscal year 2010, $6,165 in fiscal year 2011, and $6,000 in fiscal year 2012. Other costs and operating expenses, including travel, training, and telephone costs are assumed to be $10,478 each fiscal year. It is assumed there would be a one-time cost in fiscal year 2008 for equipment in the amount of $13,824.

Since TDI is required to generate revenues equivalent to its costs of operation under current law, this analysis assumes that all costs incurred in excess of revenues generated would be paid for from General Revenue - Dedicated Fund 36 from either existing fund balances or insurance maintenance tax revenues.

Technology

There would be a one-time technology impact of $4,332 for computer hardware and software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, JRO, MW, SK