

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 21, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB929 by Jackson, Mike (Relating to the resolution of certain medical disputes regarding workers' compensation claims.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB929, Committee Report 1st House, Substituted: 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
2008	(\$1,897,585)	\$1,897,585
2009	(\$816,385)	\$816,385
2010	(\$816,385)	\$816,385
2011	(\$816,385)	\$816,385
2012	(\$816,385)	\$816,385

Fiscal Analysis

The bill would amend the Labor Code to provide a new appeal process for workers' compensation medical dispute cases at the State Office of Administrative Hearings (SOAH) and provides for this process as a prerequisite for district court appeals. The bill would remand all pending medical dispute court cases to SOAH. The bill would take effect September 1, 2007.

Methodology

It is assumed the Texas Department of Insurance (TDI) and the Office of Injured Employee Counsel (OIEC) would incur costs associated with performing the duties and responsibilities of the provisions of the bill.

In fiscal years 2002 through 2004 SOAH received an annual average of 1,420 medical dispute cases from the Texas Workers' Compensation Commission. Based on the analysis of TDI, it is assumed that the bill would result in 925 medical dispute cases being referred each fiscal year from the Division of Workers' Compensation (DWC) at TDI. Based on the analysis of TDI, it is assumed each medical dispute case would take an average of 6 hours at SOAH and TDI would be billed \$100 per hour for SOAH's costs. Under these assumptions TDI would pay SOAH \$555,000 each fiscal year by interagency contract for these cases.

Additionally, there are currently 1,802 medical dispute cases pending in court. It is assumed these cases would be remanded to SOAH and billed to TDI. It is assumed each case would take an average of 6 hours at SOAH and TDI would be billed \$100 per hour for SOAH's costs. Under these assumptions TDI would pay SOAH \$1,081,200 in 2008 by interagency contract for these cases.

It is assumed OIEC would not incur costs from the 1,802 cases that would be remanded from court to SOAH in 2008 but would incur costs for the 925 cases per year referred to SOAH from DWC. Based on the analysis of OIEC, it is assumed costs at OIEC would include salaries for 5.0 FTEs, four Ombudsman I and one Administrative Assistant II, in the amount of \$166,328 each fiscal year with associated benefit costs of \$47,054. It is assumed costs would include the reclassification of an existing Ombudsman I position to a Program Specialist II position which would include additional salary of \$4,653 and associated benefit costs of \$1,316. Other costs and operating expenses, including travel, printing, and Adjuster's License fees are assumed to be \$42,034 each fiscal year.

Since TDI is required to generate revenues equivalent to its and OIEC's 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 revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, KJG, MW, SK