

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB1169 by Janek (Relating to the reimbursement of an insurance carrier for the overpayment of certain workers' compensation benefits.), **As Passed 2nd House**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for SB1169, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2009.</p>

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 <i>SUBSEQUENT INJURY FUND</i> 5101
2008	(\$1,128,908)
2009	(\$1,128,908)
2010	(\$1,128,908)
2011	(\$1,128,908)
2012	(\$1,128,908)

Fiscal Analysis

The bill would amend the Labor Code to require reimbursement from the subsequent injury fund to insurance carriers for any overpayment of benefits made by the insurance carrier based on an opinion rendered by a designated doctor if that opinion is reversed or modified by a final arbitration award or a final order or decision of the commissioner or a court. The bill would provide for reimbursement from the subsequent injury fund in the event of a fatal injury incurred by a claimant for benefits attributed to multiple employments.

The bill would require the commissioner to adopt rules.

The bill would take effect September 1, 2007.

Methodology

It is assumed the bill would result in an increase in the amount of funds paid out of the subsequent injury fund.

Based on the analysis of the Texas Department of Insurance (TDI), approximately 100 designated doctor examinations were reversed at the contested case hearing level in fiscal year 2006 with an average reimbursement of \$10,742.48 requested by insurance carriers. This analysis does not estimate the number of reversals at the Appeals Panel or judicial review levels, because data is not available for reversals at those levels, and does not reflect any potential increase in the usage of designated doctor exams in fiscal years 2008 through 2012.

Based on the analysis of TDI, it is assumed there would reimbursement for two claims for multiple employment reimbursement attributed for claimant's fatal injury with the non-claim employment each fiscal year. Based on a actuarial analysis of the subsequent injury fund, it is assumed each claim would require a payment of \$27,330.

Based on the analysis of TDI, duties and responsibilities for the agency associated with implementing the provisions of the bill could be accomplished within existing resources.

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