

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

April 12, 2011

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

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

IN RE: SB511 by Van de Putte (Relating to the designated doctor's examination under the workers' compensation system.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB511, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Interagency Contracts</i> 777
2012	(\$331,338)
2013	(\$331,338)
2014	(\$331,338)
2015	(\$331,338)
2016	(\$331,338)

Fiscal Analysis

The bill would amend the Labor Code relating to the designated doctor's examination under the workers' compensation system. The bill would require the insurance carrier to pay for the cost of an additional examination of an employee after any designated doctor examination to determine any issue upon which the designated doctor opined. The bill would require that the cost of that additional examination is to be borne by the insurance carrier.

This bill would provide for an examination after any designated doctor examination that is the employee's first determination of maximum medical improvement and impairment rating with which the employee is dissatisfied; and would direct the commissioner to adopt guidelines prescribing

circumstances where an employee is entitled to a post designated doctor examination on other issues decided by the designated doctor.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2011.

Methodology

Based on the analysis provided by the State Office of Risk Management (SORM), the bill would cost \$331,338 in interagency contract funds in each year of 2012-2016. Assessment allocations to state agencies would increase to cover the increased cost to the state.

Calculations assume the number of state employees injured and subject to designated doctor examinations to determine maximum medical improvement and impairment rating remain at the fiscal year (FY) 2010 level of 703 and that post-designated doctor examinations proposed under this bill will cost approximately the same as the designated doctor examination (assumed at the FY 2010 average of \$942.64, including necessary testing). The analysis provided by SORM anticipates that half of all designated doctor examinations will result in a post-designated doctor examination request as provided for in the bill (351.5 x \$942.64), resulting in a projected annual cost of \$331,338 (\$662,676 for the biennium).

This estimate does not account for fluctuations in covered population, medical cost inflation or fee guideline changes, ancillary administration costs (consumables, postage, staff time) or possible increased utilization of designated doctor and post-designated doctor examinations. The cost estimate does not take into account the possible interpretation that an employee may request multiple post-designated doctor examinations; one to address each issue upon which the designated doctor opined.

Based on the analysis by the Texas Department of Insurance, the Texas Department of Transportation, the University of Texas System Administration, and the Texas A&M System, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings, 454 Department of Insurance, 479 State Office of Risk Management, 601 Department of Transportation, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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