# SB10-011

*Colorado Legislative Council Staff Fiscal Note*

# STATE
# REVISED FISCAL IMPACT

(replaces fiscal note dated March 22, 2010)

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| **Drafting Number:** | LLS 10-0215 | **Date:** | April 6, 2010 |
| **Prime Sponsor(s):** | Sen. Carroll M.<br>Rep. Miklosi | **Bill Status:** | Senate Second Reading |
| | | **Fiscal Analyst:** | Clare Pramuk (303-866-2677) |

**TITLE:** CONCERNING MEASURES TO REDUCE CONFLICTS OF INTEREST IN WORKERS' COMPENSATION CASES.

| Fiscal Impact Summary | FY 2010-2011 | FY 2011-2012 |
|---|---|---|
| **State Revenue**<br>General Fund | See State Revenue Section. | |
| **State Expenditures** | | |
| **FTE Position Change** | | |
| **Effective Date:** Section 1 takes effect July 1, 2010; the remainder of the bill takes effect upon signature of the Governor, or upon becoming law without his signature. | | |
| **Appropriation Summary for FY 2010-2011:** None. | | |
| **Local Government Impact:** None. | | |

## Summary of Legislation

This bill, **as amended by the Senate Judiciary Committee,** makes several changes to workers' compensation law concerning conflicts of interest by physicians, insurers and employers. It requires physicians who provide independent medical examinations to provide a summary disclosure of any business, financial, employment, or advisory relationships with an insurer or self-insured employer upon request. It prohibits the payment or receipt of a financial incentive to encourage the delay or denial of a workers' compensation claim. The bill requires that if an injured worker is not present for communications between a treating physician and the employer or insurer, the treating physician will provide a written record of the communications to the injured worker.

Finally, the bill prohibits the inclusion of reversionary interests in indemnity benefits in a workers' compensation insurance contract. This would prevent an insurer from receiving the remaining value of an annuity upon the death of an injured worker. Such a provision, including one in an existing contract, is void and unenforceable.

## State Revenue

***SB10-011 may increase revenue from penalties to the General Fund.*** A person who pays or receives a financial incentive to deny or delay a claim or medical care is subject to a penalty ordered by the Commissioner of Insurance of up to $3,000 per violation and $30,000 per year. For knowing violations the penalty is up to $30,000 per violation and $750,000 per year. These penalties are paid to the General Fund. As no information is available on the number of incentives being paid, the increase in penalties cannot be determined.

## Departments Contacted

Labor and Employment
Regulatory Agencies