



**Colorado
Legislative
Council
Staff**

HB16-1399

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0497
Prime Sponsor(s): Rep. Singer
Sen. Newell

Date: June 28, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: WORKERS' COMPENSATION FOR PTSD

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	at least \$28,685	at least \$31,869
Cash Funds	24,072	27,047
Centrally Appropriated Costs	4,613	4,822
FTE Position Change	0.3 FTE	0.3 FTE
Appropriation Required: \$24,072 - Department of Labor and Employment (FY 2016-17).		
Future Year Impacts: Ongoing state expenditure increase.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill prohibits providers of worker's compensation insurance from denying a claim for mental impairment benefits based solely on the occupation of the worker. The bill requires that each claimant be evaluated by a Colorado-licensed, level II fully accredited physician, licensed psychiatrist, or licensed psychologist.

Background

Under current law, post-traumatic stress disorder (PTSD) is not covered by workers' compensation insurance for peace officers, emergency medical service providers, and firefighters (public safety professionals) unless an event outside of the employee's typical job responsibilities caused the PTSD. Worker's compensation for state employees is self-funded, with state agencies paying into the Workers' Compensation Fund based on risk and actuarial analyses. The Workers' Compensation Fund is managed by the Division of Risk Management in the Department of Personnel and Administration (DPA), and employee claims are processed by a third-party administrator. The Workers' Compensation Fund currently insures more than 2,000 peace officers. State institutions of higher education, local governments, special districts, and other public jurisdictions may choose to self-fund their workers' compensation obligations or obtain private workers' compensation insurance.

State Expenditures

The bill increases expenditures by at least \$28,685 and 0.3 FTE in FY 2016-17 and by at least \$31,869 and 0.3 FTE in FY 2017-18, shown in Table 1. It also increases workload for certain state agencies, as discussed below.

Table 1. CDLE Expenditures Under HB16-1399		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$23,787	\$26,762
FTE	0.3 FTE	0.3 FTE
Operating Expenses and Capital Outlay Costs	285	285
Centrally Appropriated Costs*	4,613	4,822
TOTAL	\$28,685	\$31,869

*Centrally appropriated costs are not included in the bill's appropriation.

Colorado Department of Labor and Employment (CDLE). The Division of Worker's Compensation within CDLE receives approximately 250 claims for mental impairment benefits per year, about two-thirds of which (168 cases) are disputed and adjudicated by administrative law judges (ALJs). The bill is expected to lead to a 50 percent increase in the number of claims filed each year, and the fiscal note assumes that an additional two-thirds of these (84 cases) will be disputed. The bill limits the grounds for a denial, which creates a new element that must be adjudicated, and adds new requirements for mental evaluations. The time to resolve each disputed case is expected to increase by two hours for the 168 current cases being heard by ALJs. New cases are expected to take on average four hours to adjudicate. CDLE requires an additional \$28,685 and 0.3 FTE in FY 2016-17 and \$31,869 and 0.3 FTE in 2017-18 and future years to manage the increased ALJ workload. First year costs assume a September 1, 2016, start date.

CDLE may also need to conduct rulemaking to expand workers' compensation eligibility materials and communicate about changes to state law under the bill. This workload is expected to be minimal and does not require new appropriations.

Department of Personnel and Administration (DPA). The DPA will have increased costs to process and pay for workers' compensation claims for state employees under the bill. The bill prevents state agencies from denying workers' compensation claims for those suffering from mental impairments as a result of trauma experienced on the job.

At this time, the number of potential mental impairment claims by state employees is unknown. As claims are incurred, assessments on state agencies to fund the Workers' Compensation Fund likely will increase. If a significant number of claims are filed in the first year, additional appropriations may be required through the annual budget process to ensure solvency of the Workers' Compensation Fund.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB16-1399		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,577	\$2,424
Supplemental Employee Retirement Payments	2,036	2,398
TOTAL	\$4,613	\$4,822

Local Government Impact

The bill will likely increase expenditures for local governments that employ covered public safety professionals, as they will be liable for any costs associated with increased workers' compensation disability claims resulting from mental impairment. Local governments will likely experience an increase in workers compensation claims, which will result in increased insurance premiums and court-related costs.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on April 27, 2016.

State Appropriations

In FY 2016-17, the bill requires and includes an appropriation of \$24,072 and an allocation of 0.3 FTE to CDLE from the Worker's Compensation Cash Fund.

State and Local Government Contacts

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| Personnel | Labor | Military and Veterans Affairs |
| Law | Public Safety | Corrections |
| Natural Resources | Higher Education | Judicial |
| Revenue | Counties | Municipalities |
| Special Districts | Sheriffs | |