

April 7, 2016

The Honorable Mark Hutton, Chairperson  
House Committee on Commerce, Labor and Economic Development  
Statehouse, Room 521-E  
Topeka, Kansas 66612

Dear Representative Hutton:

**SUBJECT:** Fiscal Note for HB 2711 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2711 is respectfully submitted to your committee.

HB 2711 would reduce workers compensation benefits for permanently disabled workers that also receive Social Security retirement benefits. The reduction in workers compensation benefits would be equal to 50.0 percent of the amount of Social Security retirement benefits and could not be less than the workers compensation benefits payable for the employee's percentage of functional impairment.

The Insurance Department indicates HB 2711 has the potential to reduce workers compensation benefit payments. However, the Insurance Department does not collect data on the amount of Social Security retirement benefits that current claimants are receiving to estimate the fiscal effect on workers compensation claims or benefit payments from workers compensation insurance companies, self-insured employers, or the Insurance Department's Workers Compensation Fund for insolvent employers.

The Department of Health and Environment (KDHE) indicates that it currently offsets 100.0 percent of the amount of Social Security retirement benefits for paying workers compensation claims for state employees. Requiring workers compensation benefits to be reduced by 50.0 percent of the amount of Social Security retirement benefits would increase workers compensation benefits payments from the State Self Insurance Fund by approximately \$527,000 in FY 2017. The Department of Labor indicates the bill would have no fiscal effect on

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April 7, 2016

Page 2—HB 2711

its operations. Any fiscal effect associated with HB 2711 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Dawn Palmberg, Department of Labor  
Faith Loretto, KPERS  
Aaron Dunkel, Health & Environment  
Glenda Haverkamp, Insurance