

January 31, 2017

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

Dear Representative Mason:

SUBJECT: Fiscal Note for HB 2059 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2059 is respectfully submitted to your committee.

HB 2059 would remove statutory references to the sixth edition of the American Medical Association (AMA) *Guides to Evaluation of Permanent Impairment* that went to effect on January 1, 2015, and reverts back to the fourth edition of this publication.

The Department of Labor indicates HB 2059 would have no fiscal effect on its operations. The Insurance Department indicates the reference change from the sixth edition to the fourth edition of the publication could affect some determinations of physical impairment in certain workers compensation cases. However, the Insurance Department does not have enough data to estimate the resulting effect on workers compensation claims or benefit payments from the Insurance Department's Workers Compensation Fund.

The Kansas Department of Health and Environment (KDHE) indicates that moving from the sixth edition back to the fourth edition has the potential to increase benefit costs for the State Employees Workers Compensation Fund. KDHE reviewed partial disability claims data from Kansas state employees and information from the Texas Department of Insurance that compared workers compensation claims and benefits under different version of the AMA publication. KDHE estimates that benefit costs for the State Employees Workers Compensation Fund could increase by approximately 1.7 percent each year or an additional \$96,152 in FY 2018 and \$98,748 in FY 2019. KDHE indicates that approximately \$5.7 million in partial disability claims from state employees were made in FY 2016 and assumes that medical care for workers

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compensation claims will grow by 2.7 percent each year. Any fiscal effect associated with HB 2059 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

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

Shawn Sullivan,
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Dan Thimmesch, Health & Environment
Glenda Haverkamp, Insurance