

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 1997-01  
BILL NO. SB 496  
SUBJECT: Workers' Compensation; Second Injury Fund  
TYPE: Original  
DATE: February 20, 2001

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**FISCAL SUMMARY**

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ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Department of Labor and Industrial Relations, Department of Transportation** and the **Office of State Treasurer** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Attorney General's Office** (AGO) estimate their agency would request additional staff (i.e., 5 assistant attorney generals, 1 paralegal and 2 secretaries). Officials assume that the proposal would mainly affect partial disability claims filed against the Second Injury Fund (SIF). If SIF cases were allowed to be submitted on medical reports, cases previously settled or dismissed would be taken to hearing resulting in an additional 800 to 1,200 cases. Along with this increase, appeals would increase. In order to adequately defend these cases, SIF attorneys would have to cross-examine the claimant's doctor. Costs are estimated at \$381,415 in FY02; \$384,752 in FY03; and \$394,867 in FY04.

Officials from the AGO also estimated a loss to the Second Injury Fund of \$5.0 million annually, due to an increase in claims.

**Based on an Oversight Subcommittee decision on March 30, 1998 in reference to a similar proposal, the fiscal impact of this proposal is assumed to be zero.**

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

AK:LR:OD:005 (9-94)

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This proposal allows the State to request a medical examination of an injured employee in Second Injury claims and modifies the admissibility of medical reports in Second Injury cases. The physician's fee and other reasonable costs may be assessed by the administrative law judge against any party and become immediately payable.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Transportation  
Office of State Treasurer

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

February 20, 2001