



**Colorado
Legislative
Council
Staff**

SB16-217

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1284
Prime Sponsor(s): Sen. Hill
Rep. Williams

Date: July 22, 2016
Bill Status: Signed into Law
Fiscal Analyst: Kerry White (303-866-3469)

BILL TOPIC: EXPEDITE LITIGATION WORKERS' COMPENSATION CLAIMS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	See State Expenditures section.	
Appropriation Required: None.		
Future Year Impacts: Ongoing workload impacts.		

Summary of Legislation

This bill establishes new requirements concerning the reduction of workers' compensation payments in cases that involve an admission of liability (known as safety rule violations) by an employer and propose to reduce the amount of compensation paid to a claimant.

Reductions in workers compensation claims. Under the bill, any reduction in compensation must include a statement from the employer listing the specific facts on which the reduction is based. If the insurer or self-insured employer admits liability for the claim, any party may request an expedited hearing if the application is filed within 45 days. The director of the Colorado Department of Labor and Employment (CDLE) is required to schedule the hearing within 60 days of the date of the application. If the party does not request an expedited hearing, the hearing must be set according to provisions under current law. Under the bill, the time frame for conducting any expedited hearing is extended from 40 days to 60 days from the date of application and the bill permits a party to request an expedited hearing on the question of whether a compliant designated medical provider list was provided.

Physician relationships. The bill allows the CDLE to provide a standardized form to be used by the injured employee to request that his or her personal physician or chiropractor provide treatment or to request a change of physician. If an injured employee is permitted to change physicians, the bill clarifies that the initial physician's relationship with the employee terminates once he or she visits the new physician. In addition, the initial physician's authorized work restrictions and return to work opinions control until such time that a new physician expressly modifies them.

Assumptions and Background

This bill may alter workers' compensation claims paid by insurers. To the extent that this increases or reduces the amounts paid in premiums by state or local government employers, these impacts have not been estimated. Hearings within the CDLE are conducted by administrative law judges who are under the auspices of the Department of Personnel and Administration.

State Expenditures

This bill is expected to affect the timing and frequency of hearings conducted by the CDLE for workers compensation claims. As of this writing, the increases and reductions in workload are not anticipated to result in adjustments in appropriations for any state agency.

Increases in workload. The bill creates the right to request expedited hearings for safety rule violations and change of physician issues. This is expected to result in additional hearings. Workload will also increase for the CDLE to develop the standardized medical forms; this workload increase is minimal.

Decreases in workload. Workload for administrative law judges may be reduced by a minimal amount as a result of several factors. Extending the time period that expedited hearings must be held from 40 days to 60 days reduces workload. By requiring that an employer provide documentation prior to reducing claimant wages, the bill may reduce other hearing requests from certain existing claimants whose wage replacement has been lowered. Creation of a standardized medical form and clarification about when a physician relationship with an injured employee terminates may also reduce requests for hearings.

Statutory Public Entity

To the extent that this bill alters the amount of payment for certain workers' compensation claims or reduces the workload associated with those claims, it would potentially affect underwriting practices or premiums for Pinnacol Assurance, a statutory public entity. As of this writing, these impacts are speculative and have not been estimated.

Effective Date

The bill was signed into law by the Governor on June 10, 2016, and it became effective on July 1, 2016.

State and Local Government Contacts

Information Technology Labor Personnel Regulatory Agencies