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Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

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| Drafting Number: | LLS 24-0622 | Date: | July 10, 2024 |
| Prime Sponsors: | Rep. Daugherty Sen. Marchman | Bill Status: | Signed into Law |
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Bill Topic: **WORKERS' COMPENSATION DISABILITY BENEFITS**

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| Summary of Fiscal Impact: | <input type="checkbox"/> State Revenue | <input type="checkbox"/> State Transfer | <input type="checkbox"/> Local Government |
| | <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> TABOR Refund | <input checked="" type="checkbox"/> Statutory Public Entity |

The bill increases the cap on benefits for certain workers' compensation claims, among other changes. The bill increases state expenditures beginning FY 2024-25.

Appropriation Summary: No appropriation is required

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Summary of Legislation

Under current law, a claimants' benefit is determined by an impairment rating. A claimant whose impairment rating is 19 percent or less may receive up to \$75,000 from combined temporary disability and permanent partial disability payments. A claimant with impairment greater than 19 percent may receive up to \$150,000. This bill increases the caps to \$185,000 and \$300,000, respectively

The bill also makes several changes related to benefits paid under workers' compensation including:

- allowing a claimant to refuse an offer of modified employment under certain circumstances;
- adding the ear to a list of body parts for which a claimant can receive permanent impairment benefits; and,
- allowing a claimant to have benefits directly deposited into a bank account.

Background

The State Office of Risk Management in the Department of Personnel and Administration (DPA) pays workers' compensation benefits to state employees. The state is self-insured for workers' compensation claims. Annually, the office's actuary projects the state's total workers' compensation needs and estimates the allocation for each agency as a percent of the total.

State Expenditures

The bill is expected to increase state expenditures for the Office of Risk Management in the DPA beginning FY 2024-25. Based on historical data for workers' compensation claims where the state assumed a final admission of liability, increasing the aggregate limit on temporary and permanent injury benefits would require about \$600,000 annually. This amount of extra spending for workers' compensation claims is absorbable within the existing compensation pool, and no additional appropriation is required.

Statutory Public Entity

Pinnacol Assurance was created in statute as a political subdivision to provide workers' compensation insurance to employers in Colorado. Expanded benefits under the bill may increase benefits payments by Pinnacol Assurance. If necessary, these additional costs will be covered through adjustments in employer premiums

Effective Date

The bill was signed into law by the Governor on June 4, 2024, and the bill takes effect on August 7, 2024, assuming no referendum petition is filed. The bill applies to claims on or after that date, except that increasing the caps on certain claimant benefits takes effect January 1, 2025, and applies to claims arising on or after that date.

State and Local Government Contacts

Labor

Law

Personnel

Pinnacol Assurance

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).