

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

May 26, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2089 by Smithee (Relating to the resolution of overpayment or underpayment of income benefits under the workers' compensation program.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2089, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Interagency Contracts</i> 777
2012	\$141,648
2013	\$142,413
2014	\$143,182
2015	\$143,955
2016	\$144,732

Fiscal Analysis

The bill would amend the Labor Code relating to the resolution of overpayment or underpayment of income benefits under the workers' compensation program. The bill would allow the commissioner of workers' compensation to establish procedures to require an overpayment of income benefits to be recouped from future income benefit payments and underpayments to be paid in a future income benefit payment. The bill would require that the procedure include a process for notification to the injured employee of the underpayments and overpayments and a methodology for payment and recoupment by the insurance carrier. The bill would take effect on September 1, 2011.

Methodology

Based on the analysis by the State Office of Risk Management (SORM), implementation of this bill would result in an estimated savings of \$284,061 for the first biennium and \$287,137 for the second biennium. SORM has identified overpayments of income benefits to injured workers which are not recoverable under current law but which would be recoverable under this bill. SORM has experienced a 0.54 percent increase per year in the amount of recoverable overpayments, likely due to an increase in the number of active claims. By utilizing the average identified recoverable amount for the last three and one half years and applying a 0.54 percent increase per year, the total anticipated five year recovery is estimated to be \$715,930 if the bill is enacted. It is assumed that claims levels and overpayments would remain at current levels.

Based on the analysis provided by the Texas Department of Insurance, the Texas Department of Transportation, University of Texas System Administration and Texas A&M University System, any costs associated with the implementation of the bill could be absorbed within existing agency resources. It is assumed that the duties and responsibilities associated with the Texas Tech University System implementing the provisions of the bill could be accomplished by utilizing existing agency resources.

Technology

No significant techonology impact is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 479 State Office of Risk Management, 601 Department of Transportation, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 768 Texas Tech University System Administration

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