

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1265-01  
Bill No.: SB 324  
Subject: Evidence; Labor and Industrial Relations Dept.; Workers' Compensation  
Type: Original  
Date: January 28, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Attorney General's Office (AGO)** estimate their agency would request additional staff (5 assistant attorney generals, 1 paralegal and 2 secretaries). AGO assumes 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. AGO estimate annual costs of approximately \$325,000. AGO assumes there is a possibility of a substantial loss to the SIF. AGO estimates the loss to the SIF would be \$5.0 million annually. The effect of the admission of independent medical examinations is unknown and therefore difficult to quantify; but AGO assumes the results would, on the whole, be favorable to the AGO's position defending the SIF, and would offset the \$5 million loss to some degree.

Officials from the **State Treasurer's Office** defer to the Office of the Attorney General's estimation of fiscal impact.

Officials from the **Department of Labor and Industrial Relations** assume there would be an unknown fiscal impact to the Second Injury Fund resulting from a potential increase in legal

ASSUMPTION (continued)

expenses by the AGO as a result of requesting medical examinations.

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

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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.

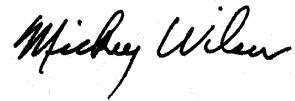
DESCRIPTION

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.

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

SOURCES OF INFORMATION

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director

January 28, 2003