

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5741S.01I
 Bill No.: SB 1052
 Subject: Workers' Compensation
 Type: Original
 Date: February 24, 2026

Bill Summary: This proposal establishes a maximum fee schedule for services performed pursuant to workers' compensation law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|------------|------------|------------|
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Workers' Compensation Administrative Fund (1652) | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) |

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|----------|----------|----------|
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|-------------------------|------------|------------|------------|
| | | | |
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** did not respond to **Oversight's** request for fiscal impact for this proposal.

§§287.140 and 287.210 - Fee Schedule for Services Performed Pursuant to Workers' Compensation law

Officials from the **Department of Labor and Industrial Relations (DOLIR)** note:

§287.140.3 states a fee schedule of fees for any service provided pursuant to this chapter. It is unclear the intended scope of the proposed fee schedule. Under the assumption that it is strictly in reference to a fee schedule for medical services provided, DWC estimates the following fiscal impact to both create the medical fee schedule and to maintain it.

“The construction of a medical fee schedule in workers’ compensation involves a delicate balance. If rates are set too high, savings will be negligible and the fee schedule will not achieve its cost containment goal. Conversely, setting rates too low makes treating workers with injuries uneconomical for providers and jeopardizes workers’ access to quality care.” Designing Workers’ Compensation Medical Fee Schedules, 2025, p. 6, WCRI (Olesya Fomenko and Te-Chun Liu).

Recent research indicates that to implement and operate their medical fee schedules, other states have either contracted with a vendor, have qualified staff on board, or some combination of the two options. Some states have also established medical fee schedule advisory boards, comprised of members representing the interests of health care providers, insurers, employers, and labor, to meet regularly and make recommendations about implementing and then continuously operating the medical fee schedule.

The Division would likely need to involve the services of the Missouri Office of Administration – Procurement for a Request for Proposal (RFP) to engage the services of a vendor or bring on qualified staff, or some combination of the two, to establish a medical fee schedule. Thereafter, the vendor and/or additional staff would need to assist in both the initial adoption and implementation of the medical fee schedules as well as the day-to-day operation and updating of the schedule.

Research conducted with other states that have a medical fee schedule indicates that the implementation of the fee schedule ranges from roughly \$50,000 up to \$1,000,000, depending on state specific statutes and regulations. If the proposed legislation were to become law, it would be the Division’s desire to implement and maintain an adequate medical fee schedule that achieves the delicate balance of not jeopardizing access to care while at the same time obtaining the fee schedule’s cost-containment goals at as economical a cost as possible. A fair estimate for

the fiscal impact to the Division to implement the medical fee schedule based on the recent research would be \$500,000, with a yearly cost of roughly the same to maintain the fee schedule as well as handle the day-to-day operations associated with such. However, the final cost to implement and maintain the medical fee schedule will depend on the final rule.

Upon further inquiry, **DOLIR** notes:

The bill language doesn't specify what the fee schedule would be, only that one would be created by the division. The scope of the schedule is also not stated in the bill. As a result, both of those questions are dependent upon the scope of the schedule (is it relegated to medical treatment or not) and the amount of the limitation on the cost per medical intervention. The state may not see any savings as a result, or it may see some if the limitation on a medical practice is below what is customarily paid in Missouri currently, but they would have to defer to CARO on what they believe would be appropriate to estimate as a savings, since DWC does not pay work comp claims for the state."

Oversight does not have any information to the contrary. Therefore, Oversight will reflect an estimated cost ranging from \$50,000 up to \$500,000 (implementation of fee schedule system and continued maintenance) to the Workers' Compensation Administrative fund (1652) in the fiscal note.

Officials from the **Office of Administration (OA)** assume §287.140 (3) establishes use of a fee schedule under workers compensation. This could potentially decrease costs to the state in workers' compensation cases by ensuring providers are utilizing fair and reasonable pricing for services provided. The amount of the cost decrease, if any, cannot be estimated as it would depend on the schedule of fees put into place.

Oversight assumes any potential decrease in costs from the implementation of the schedule of fees would be an indirect impact. Therefore, Oversight will not reflect a fiscal impact for the potential savings noted by Office of Administration.

Officials from the **Office of Administration - Administrative Hearing Commission** and **MoDOT & Patrol Employees' Retirement System** both assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

| <u>FISCAL IMPACT – State Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|--------------------------------|--------------------------------|--------------------------------|
| WORKERS COMPENSATION ADMINISTRATIVE FUND (1652) | | | |
| Cost – DOLIR (§287.140 and §287.210) New Fee Schedule System for Workers’ Compensation case | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) |
| ESTIMATED NET EFFECT ON WORKERS’ COMPENSATION ADMINISTRATIVE FUND | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) | (\$50,000 to \$500,000) |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|---------------------|------------|------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law provides that all fees and charges for services under the workers' compensation law shall be fair and reasonable, subject to regulation by the Division of Workers' Compensation or the Labor and Industrial Relations Commission. This act requires the Division to establish by rule a schedule of fees for any service provided pursuant to the workers' compensation law and further requires all fees and charges under such law to be in accordance with the fee schedule.

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

Office of Administration - Administrative Hearing Commission
Department of Labor and Industrial Relations
Office of Administration
MoDOT & Patrol Employees' Retirement System



Julie Morff
Director
February 24, 2026



Jessica Harris
Assistant Director
February 24, 2026