

## Department of Planning and Budget 2002 Fiscal Impact Statement

**1. Bill Number** SB669

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron** Williams

**3. Committee** Passed Both Houses

**4. Title** Workers' compensation; confidentiality of information.

5. **Summary/Purpose:** This legislation permits workers' compensation insurers to act on behalf of their client companies by providing verification of those employers' compliance with the Virginia Workers' Compensation Act. The Virginia Workers' Compensation Act requires that every employer file proof of its compliance with this act on at least an annual basis with the Virginia Workers' Compensation Commission. Currently, the commission has access to such information through the National Council on Compensation Insurance, an industry-created central repository for workers' compensation insurance information. Consequently, this legislation appears to simply clarify that current law permits this practice.

6. **No Fiscal Impact**

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** None. To the extent that this legislation simply clarifies that a current practice is permissible under the law, it has no fiscal impact on the Virginia Workers' Compensation Commission.

However, if this legislation were somehow to require that the Virginia Workers' Compensation Commission physically maintain custody of employers' proof of workers' compensation insurance and related information like their addresses, employer identification numbers, policy numbers, coverage dates, their insurer's address, and that insurer's identification number, then this legislation could have a significant fiscal impact upon the Virginia Workers' Compensation Commission. The agency reports that if it were required to maintain such information, it would require many additional staff to manage both a paper and electronic filing process for the employers subject to these provisions. Managing that process would entail developing procedures to verify employer-reported information and processes to address inaccurate or fraudulent submissions. Such a requirement could also impair the agency's ability to determine when employers' workers' compensation insurance policies have been cancelled. Notifications of workers' compensation insurance cancellations are very important, because the agency must follow up with employers whose insurance coverage has been cancelled to determine the reasons for that cancellation and whether penalties must be imposed upon the employer to protect the Uninsured Employer's Fund, a workers' compensation safety net, from losses.

9. Specific agency or political subdivisions affected: The Virginia Workers' Compensation Commission

10. Technical amendment necessary: No.

11. Other comments: None.

**Date:** 03/27/02/PXV

**Document:** G:\2002 Legislation\Senate bills\SB669ER.Doc

cc: Secretary of Administration