

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1472

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Favola

3. Committee: Commerce and Labor

4. Title: Workers' compensation; accident reports; filing claims; civil penalty.

5. Summary: Requires an employer's accident report filed with the Workers' Compensation Commission to include the signature of the injured employee or his personal representative. The measure provides that the employer's filing of the accident report constitutes the filing with the Commission by or on behalf of the employee of a claim for workers' compensation benefits with respect to any injury arising from the accident. The measure also provides that an employer that fails to comply with the requirement that it report an employee's injury or death, or dissuades or deters an employee from filing a claim for compensation, shall be assessed a civil penalty of not more than \$500, which civil penalty is increased to not less than \$500 and not more than \$5,000 if the violation is willful.

6. Budget Amendment Necessary: Yes – Item 493.

7. Fiscal Impact Estimates: Preliminary – see Item 8.
Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0.00	-
2018	\$371,000	6.00	NGF
2019	\$326,000	6.00	NGF
2020	\$326,000	6.00	NGF
2021	\$326,000	6.00	NGF
2022	\$326,000	6.00	NGF
2023	\$326,000	6.00	NGF

8. Fiscal Implications: According to the Virginia Workers' Compensation Commission (VWC), the proposed legislation would result in an estimated fiscal impact of \$371,000 in fiscal year 2018 and \$326,000 in subsequent fiscal years. The estimated cost is based upon the VWC processing approximately 150,000 accident reports each year.

The estimated fiscal impact supports the cost of six full-time equivalent positions, three claims analysts, two claims support staff, and one insurance claims service specialist. The estimated base salary for each claims analyst is \$45,000; \$30,000 for each claims support staff; and \$40,000 for the insurance claims service specialist. The estimated personnel costs

also include \$91,000 in benefits for the six full-time equivalent positions. The total personnel expenses beginning in fiscal year 2018 is \$326,000.

The estimated one-time cost of \$45,000 in fiscal year 2018 supports server and storage costs (\$15,000) and purchase of workstations, phones, and computers (\$30,000) for staff.

The proposed legislation also provides that an employer that fails to comply with the requirement that it report an employee's injury or death, or dissuades or deters an employee from filing a claim for compensation, shall be assessed a civil penalty of no more than \$500, which civil penalty is increased to no less than \$500 and no more than \$5,000 if the violation is willful. The civil penalties assessed will be divided equally between the VWC's administrative fund and Uninsured Employer's Fund. The proposed legislation also authorizes the VWC to add the costs of collection of such civil penalties to the aggregate amount owed, in which event such costs shall be paid into the administrative fund.

9. Specific Agency or Political Subdivisions Affected: Virginia Workers' Compensation Commission

10. Technical Amendment Necessary: No.

11. Other Comments: None.