Department of Planning and Budget
2019 Fiscal Impact Statement

1. **Bill Number:** HB2022

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

2. **Patron:** Murphy

3. **Committee:** Commerce and Labor

4. **Title:** Workers' compensation; filing of claim.

5. **Summary:** Provides that when an employer has received notice of an accident resulting in compensable injury to an employee under the Virginia Workers' Compensation Act and has paid compensation or wages to the employee during his incapacity for work resulting from the injury, or otherwise has furnished or caused to be furnished medical service to such employee, the furnishing of medical services or payments are deemed the filing of a claim under the Act.

6. **Budget Amendment Necessary**: Item 81 - Department of Human Resource Management of House Bill 1700, 2019.

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

   Expenditure Impact: Item 81 - Department of Human Resource Management

Fiscal Year	Dollars	Positions	Fund
2019	$0	0.00	-
2020	$110,386	0.00	NGF
2021	$110,386	0.00	NGF
2022	$110,386	0.00	NGF
2023	$110,386	0.00	NGF
2024	$110,386	0.00	NGF
2025	$110,386	0.00	NGF

8. **Fiscal Implications:** The proposed legislation provides that when an employer makes a payment of compensation or indemnity, or voluntarily pays an employee's medical benefits, the Virginia Workers' Compensation Commission would deem it as the employee filing a claim for workers' compensation benefits. As the law stands currently, unless an award is entered within two years of the date of accident or diagnosis of occupational disease, the right to future benefits would be barred.

   The proposed legislation may impact the staffing needs of the Department of Human Resource Management (DHRM), which manages the State Employee Workers' Compensation program, and Attorney General and Department of Law (OAG), as it may

cause DHRM to file additional workers' compensation claims. Prior to DHRM agreeing to make any voluntary payments, DHRM's benefit coordinators would have to conduct a thorough investigation of workers' compensation claims that seem compensable, which is expected to increase the program's claim investigation workload. Based on the average claim receipt of approximately 100 medical only claims per month, DHRM would need two additional medical only benefit coordinators through its third-party administrator (TPA). Each medical only benefit coordinator is estimated to cost $55,193 each year. The TPA's expenses are supported through workers' compensation premiums charged to state agencies and any increases in the TPA's expenses will be reflected in subsequent workers' compensation premiums charged to state agencies.

The OAG's Workers' Compensation Unit may need to hire additional staff to handle any increase of litigation regarding medical only and indemnity claims as a result of the passage of this legislation. According to the OAG, the Commonwealth receives more than 7,500 reported injuries each year and its Workers' Compensation Unit handles approximately 300 cases each year. For example, if the OAG's Workers' Compensation Unit sees a 10 percent increase in its workload, the OAG expects up to five additional staff would be needed. A break out of the cost for each position at the OAG Workers' Compensation Unit is provided below.

Attorney General and Department of Law Workers' Compensation Unit	
Position	Estimated Annual Cost, including benefits
Assistant Attorney General	$126,181
Support staff	$85,329

The State Employee Workers' Compensation program at DHRM fully funds the OAG's Workers' Compensation Unit pursuant to a Memorandum of Understanding between the two agencies.

9. **Specific Agency or Political Subdivisions Affected:** Department of Human Resource Management, Attorney General and Department of Law, and Virginia Workers' Compensation Commission.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.