

## Department of Planning and Budget 2002 Fiscal Impact Statement

**1. Bill Number** HB761

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Watts

**3. Committee** Commerce and Labor

**4. Title** Workers' compensation; interest on payments, etc.

**5. Summary/Purpose:** This bill requires that the Virginia Workers' Compensation Commission promulgate rules and regulations initiating an expedited process for the administration of claims when an employer's denial of benefits satisfies criteria establishing that delays in those benefits would cause a severe economic hardship for an injured employee. These rules and regulations are to be in place by July 1, 2003.

**6. No Fiscal Impact is** INDETERMINATE

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

**8. Fiscal implications:** Although the fiscal implications of this proposal cannot be determined with certainty, it could increase the Virginia Workers' Compensation Commission's operational costs, which are supported by non-general fund revenue. According to that agency's staff, any injured employee is likely to claim that their employer's refusal to pay worker's compensation benefits creates a financial hardship for that person. Consequently, this measure could increase the number of hearings the agency must convene. Ultimately, if this increase in the number of hearings processed by the agency were substantial enough, additional staff would be required. The agency also suggests that given the reduction in injured employees' incomes, the commission might need to develop a "preliminary hearing process" simply to determine in which injured employees' cases move to a regular hearing and which must be processed more quickly. The development of this procedural step could clearly add additional operating costs for the agency. Moreover, given that injured employees experiencing financial hardships might not be capable of traveling to Richmond, the agency could be required to send its hearing staff into the field more frequently. These travel costs would also represent an additional operating expense for the agency. Finally, it should be noted that this proposal could create additional costs for employers. It stands to reason that an employer would be required to attend any hearing held in connection with its decision to deny worker's compensation benefits to an injured employee. These additional costs could include legal expenses as well as the financial terms of resolving the matter.

**9. Specific agency or political subdivisions affected:** This proposal would affect the Virginia Workers' Compensation Commission and most likely Virginia employers.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 02/28/02/PXV

**Document:** G:\2002Legislation\Housebills\HB761.Doc

cc:SecretaryofAdministration