

## Department of Planning and Budget

### 2015 Fiscal Impact Statement

**1. Bill Number:** HB1820-H1

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

**2. Patron:** Farrell

**3. Committee:** Commerce and Labor

**4. Title:** Workers' compensation; pecuniary liability for medical services.

**5. Summary:** Amends § 65.2-605, Code of Virginia, to provide the pecuniary liability of the employer for medical, surgical, and hospital service herein required when ordered by the Commission shall be limited to such charges as prevail in the same community for similar treatment when such treatment charged to an injured person and not ordered by the Commission, such charges being referred to in this section as the prevailing community rate. However, if an employer is a party to a contractual agreement with a workers' compensation health care provider, his professional entity, or his employer, for medical, surgical, or hospital services under which the provider has agreed to accept a specified amount of payment for his charges, the pecuniary liability of the employer for medical, surgical, and hospital services shall be governed by the provisions of that specific agreement and not by the prevailing community rate. In absence of a contract as referenced above, no employer shall reimburse the provider for an amount less than the prevailing community rate. The provisions of this act shall expire on July 1, 2018.

**6. Budget Amendment Necessary:** Yes – Item 486.

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

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.00	-
2016	\$200,000	1.00	NGF

**8. Fiscal Implications:** According to the Workers' Compensation Commission, the agency estimates the cost to gather and administer data as required by House Bill 1820 would be approximately \$200,000 annually, which includes \$100,000 for annual data collection from insurance carriers and \$100,000 (\$70,000 for salary and \$30,000 for benefits) for one full-time equivalent (FTE). The FTE would be a Fee Schedule Coordinator that will review data and ensure proper information dissemination. The Commission expects there will be an offsetting cost savings from the decrease of litigation of up to 2,500 medical provider claims per year. A favorable impact on the Uninsured Employer's Fund is also expected since lower medical costs are anticipated as a result of this legislation.

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

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

**11. Other Comments:** The revised fiscal impact statement indicates that a budget amendment is required in fiscal year 2016.