

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB1543

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

**2. Patron:** Murphy

**3. Committee:** Commerce and Labor

**4. Title:** Workers' compensation; tolling of statute of limitations

**5. Summary:** Provides that the two-year statute of limitations for filing workers' compensation claims is tolled during the period the employer pays compensation or wages or furnishes medical service to the employee.

**6. Budget Amendment Necessary:** Item 56 – Attorney General and Department of Law and Item 81 - Department of Human Resource Management, of HB 30.

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

**Expenditure Impact:** Item 56

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$0	0.00	-
2019	\$585,875	5.00	NGF
2020	\$585,875	5.00	NGF
2021	\$585,875	5.00	NGF
2022	\$585,875	5.00	NGF
2023	\$585,875	5.00	NGF
2024	\$585,875	5.00	NGF

**Expenditure Impact:** Item 81

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$0	0.00	-
2019	\$135,920	0.00	NGF
2020	\$135,920	0.00	NGF
2021	\$135,920	0.00	NGF
2022	\$135,920	0.00	NGF
2023	\$135,920	0.00	NGF
2024	\$135,920	0.00	NGF

**8. Fiscal Implications:** The proposed legislation tolls the current two-year statute of limitations an injured worker has to file a workers' compensation claim with the Virginia Workers' Compensation Commission during the period the employer pays the injured

employee's compensation or wages or otherwise has furnished or caused to be furnished medical service. Pursuant to the Virginia Workers' Compensation Act, unless a claim is filed within two years of the accident or diagnosis of occupational disease, the injured worker's right to future benefits would be waived.

The proposed legislation may extend the statute of limitations indefinitely for a workers' compensation claim. The Department of Human Resource Management (DHRM), which manages the State Employee Workers' Compensation program, would have to file an Employer's Application for Hearing to terminate benefits at the two-year mark, if the injured worker refuses to sign and return the offered agreement. DHRM's benefit coordinators would have to conduct a thorough investigation of claims that seem compensable, which is expected to increase the program's claim investigation workload. Based on the average claim receipt of approximately 120 medical only claims per month, DHRM would need two additional medical only benefit coordinators. Each medical only benefit coordinator is estimated to cost \$67,960 each year.

The Attorney General and Department of Law (OAG) estimates its Workers' Compensation Unit would need to hire three additional assistant attorney generals and two additional support staff to handle the projected increase of litigation on medical only and indemnity claims. According to the OAG, the Commonwealth receives more than 9,000 reported injuries each year. The OAG's Workers' Compensation Unit handles approximately 400 cases each year and the expected increase of litigation on medical only and indemnity claims pursuant to the passage of this legislation cannot be absorbed within the OAG's current staff. The total cost of the five positions is estimated at \$585,875 each year. 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.