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Fiscal Note

Drafting Number:	LLS 21-0641	Date:	March 26, 2021
Prime Sponsors:	Rep. Daugherty; Benavidez Sen. Lee; Fields	Bill Status:	House Business
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Bill Topic: **OVERPAYMENT OF WORKERS' COMPENSATION BENEFITS**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill limits the definition of “overpayments” of workers’ compensation benefits to include only benefits paid as a result of fraud or duplicate benefits. Beginning in FY 2021-22, it may minimally increase state expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

This bill limits the definition of overpayments of workers’ compensation benefits to include only those paid as a result of fraud or duplicate benefits resulting from offsets that reduce disability or death benefits paid to a claimant. Under current law, insurance carriers and employers are allowed to recoup these overpayments against future benefits and from the employees directly. By removing other types of overpayments, employees will be allowed to keep these additional payments.

Background

The State Office of Risk Management in the Department of Personnel and Administration administers the state self-insured workers’ compensation program for state employees. State agencies fund the program through assessments based on their workers’ compensation claims experience. Workers’ compensation claimants may be overpaid for a variety of reasons, including but not limited to error, offsets or discounts available that were discovered later, or pending the completion of medical reports and opinions.

State Expenditures

Beginning in FY 2021-22, this bill may increase state expenditures from the Workers' Compensation pool in the State Office of Risk Management from overpayments on claims that can no longer be recovered. The office does not currently track overpayments recovered, so the increase in expenditures is not estimated. Increases in claim costs will be included in future analysis of the state's workers' compensation claims experience and will be reflected in future appropriations.

Effective Date

The bill takes effect January 1, 2022.

State and Local Government Contacts

Health Care Policy and Financing
Law
Regulatory Agencies

Labor
Personnel