

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6031
BILL NUMBER: SB 6

DATE PREPARED: Oct 15, 1999
BILL AMENDED:

SUBJECT: Disabled from trade compensation.

FISCAL ANALYST: Chuck Mayfield
PHONE NUMBER: 232-4825

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill creates disabled from trade compensation. It provides that an employee who:

- (1) has an injury that results in a temporary total disability or a permanent partial impairment;
- (2) is capable of performing work with limitations or restrictions that prevent the employee from returning to the position the employee held before the employee's injury; and
- (3) returns to work,

may receive compensation for the difference in average weekly earnings lost. The bill also limits disabled from trade compensation to 52 consecutive weeks or 78 aggregate weeks and provides a cap of \$762 per week. A conforming amendment is also made.

Effective Date: July 1, 2000.

Explanation of State Expenditures: This bill establishes disabled from trade compensation. Under this proposal, if an employee sustains a injury resulting in temporary total disability or permanent partial impairment but is able to return to work at a lower-paying position, the employee may be compensated for the difference between his/her former and current wages. Disabled from trade compensation would be available in addition to any other compensation awarded for such injuries. The actual amount compensated would be based on the employee's average weekly earnings and would be capped at \$762 per week. Eligibility for disabled for trade compensation is limited to 52 consecutive weeks or 78 aggregate weeks.

The exact impact of this bill is difficult to determine. The Worker's Compensation Board does not collect information concerning the number of workers that cannot return to work at their original position. However, as the majority of workplace injuries would not prevent an employee from returning to his/her previous position, it is unlikely that the additional costs resulting from this proposal would represent a significant

increase in worker's compensation payments. The bill could also reduce worker's compensation payments, if employees return to work sooner and the disabled from trade compensation is less than temporary total disability benefits. Compensation paid to state employees (exclusive of medical benefits) totaled approximately \$2.9 M in FY 1996, \$3.1 M in FY 1997, \$3.4 M in FY 1998, and \$3.7 M in FY 1999. The information in this fiscal note may be updated if a more accurate cost estimate becomes available.

Explanation of State Revenues:

Explanation of Local Expenditures: Local governments and school corporations could incur an indeterminable increase in expenses as a result of this proposal (see above Explanation of State Expenditures). Like the state, most of these units are self-insured and would directly bear any additional costs related to disabled from trade compensation. For any entities purchasing private worker's compensation insurance, the cost of insurance premiums would likely increase as a result of this proposal.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Local governments, school corporations

Information Sources: