

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

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**FISCAL IMPACT STATEMENT**

**LS 7582**

**BILL NUMBER: SB 405**

**NOTE PREPARED: Jan 7, 2007**

**BILL AMENDED:**

**SUBJECT:** Worker's Compensation.

**FIRST AUTHOR:** Sen. Mrvan

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases worker's compensation and occupational disease benefits. It increases compensation for permanent partial impairment.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The bill increases the award for disability based on the degree of impairment.

Degree	FY 2008		FY 2009		FY 2010		FY 2011	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
1-10	1,340	1,350	1,365	1,401	1,380	1,454	1,400	1,509
11-35	1,545	1,557	1,570	1,616	1,585	1,678	1,600	1,742
36-50	2,475	2,491	2,525	2,586	2,600	2,685	2,700	2,787
Over 50	3,150	3,114	3,200	3,233	3,300	3,356	3,500	3,484

The percentage increase in the degree of impairment awards is about 0.7% for FY 2008, 2.6% for FY 2009, 5.4% for FY 2010, and 7.8% for FY 2011, except for the "Over 50" category which in some cases is less.

The bill also increases the average weekly wage used in the determination of compensation for permanent partial impairment from \$930 to \$934 for FY 2008, \$954 to \$970 for FY 2009, \$975 to \$1,007 for FY 2010, and \$1,045 for FY 2011.

The bill increases the maximum award from \$310,00 to \$311,430 for FY 2008, \$318,000 to \$323,295 for FY

2009, \$325,000 to \$335,613 for FY 2010, and \$348,400 for FY 2011.

It is difficult to determine the potential cost of these changes. An actuarial analysis of these changes will be performed by the National Council on Compensation Insurance (NCCI). [*Note:* The results of the actuarial analysis are not currently available. The note will be updated when NCCI finishes their analysis.]

According to the Indiana Compensation Rating Bureau, premiums decreased by 3.2% for 2007, increased 2.2% for 2006, and increased by 3.2% for 2005. Premiums for worker's compensation for 2005 were about \$829 M.

The impact on the state would be as a self-insured employer. For FY 2006, the state paid about \$2.3 M in worker's compensation benefits, \$2.7 M in FY 2005, and \$2.5 M in FY 2004.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.