

BDR 53-1002 AB 441

UNSOLICITED EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 18, 2023

Agency Submitting: Department of Administration

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
INS PREMIUM WORKERS COMP - CAT 15 (Expense)		\$592,156	\$592,156	\$1,184,312
Total	0	\$592,156	\$592,156	\$1,184,312

Explanation

(Use Additional Sheets of Attachments, if required)

The division has reviewed AB441, Section 6 subsection 5, and determined there is a fiscal impact to the Risk Management Division.

Based on the current language proposed in Section 6 subsection 5 of AB441, this would expand coverage for all accepted claims to request a 2nd Permanent Partial Disability (PPD) evaluation. With the changes in AB441, the cost will now be the responsibility of the insurer.

There is an exposure for a 2nd PPD evaluation to be performed for all claims that have undergone a 1st PPD evaluation outlined in Section 6 subsection 5 of AB441. In 2022, a total of \$164,625.42 was paid for PPD evaluations. We project a potential increase in the cost of PPD evaluations of 25% of this figure for an average exposure of \$41,156.35.

The evaluations could result in additional permanent disability impairments. Based upon the cost of PPD payouts in 2022 of \$5,509,991.93, we are projecting a 10% increase in the awards resulting in a projected annual cost of \$550,999.19 ($\$5,509,991.93 \times 10\% = \$550,999.19$).

The total projected annual cost for evaluations and PPD payouts is \$592,15.54 ($\$41,156.35 + \$550,999.19 = \$592,15.54$).

Name Mandy Hagler

Title Administrator - Risk Manager

State of Nevada - Budget Division
 Line Item Detail & Summary
 2023-2025 Biennium (FY24-25)

Section A1: Line Item Detail by GL

Budget Account: 1352 ADMINISTRATION - INSURANCE & LOSS PREVENTION

The Risk Management Division provides insurance, claims, safety, loss prevention, and risk management consultation services to state agencies and employees. The division's statutory authority is found in NRS 331.182 through 331.188. The required services and programs of the division are described in NRS 616A through 617 inclusive, 618.375, 618.383, 618.385, and 618.395.

Item No	Description	Actual 2021-2022	Work Program 2022-2023	W03 Year 1 2023-2024	W03 Year 2 2024-2025
E351	PROMOTING HEALTHY, VIBRANT COMMUNITIES				
	As currently written, BDR 53-1002 (AB441) would have a fiscal impact to the Workers' Compensation Section of the Division of Industrial Relations for the addition of 3 new staff to address the increased workload in section 6 and 9. Section 6 would require 1 Administrative Assistant 2 and Section 9 would require 2 Compliance/Audit Investigator 3 positions. These positions are anticipated to start October 1, 2023, to allow for rules and regulations to be put in place prior to implementation of this bill. There would also be a cost of \$31,000 for enhancements needed for the Claims and Regulatory Database System (CARDS) for sections 3 and 7.				
	1. Section 3 and Section 7 would require the Division to publish quarterly and annual reports of the number of examinations or evaluations conducted by each rating physician or chiropractic physician. The Division has information on rating examinations assigned but not on rating examinations completed. This would require an enhancement to CARDS to allow insurers to report when each examination is completed. This information would also need to be linked to existing data showing which rater had been assigned to do the examination.				
	2. Section 6 would allow injured workers to request a second disability rating. The average annual number of rating requests processed by the Division from 2018 to 2022 was 5,349. This bill is estimated to increase the number of rating requests by 33%.				
	3. Section 9 provides that the Division would have no further jurisdiction to issue a determination for a benefit penalty after the 90 days allowed for investigation. The number of benefit penalty complaints received for investigation by the Workers' Compensation Section averaged 230 over the last two calendar years. Current staff can complete 120 benefit penalty investigations per year, leaving an additional 110 to be completed. Since each Compliance Audit/ Investigator 3 can complete 4 investigations per month, 2 additional positions would be needed.				
EXPENDITURE					
15	INS PREMIUM WORKERS COMP				
7269	CLAIMS COST	0	0	592,156	592,156
	TOTAL FOR CATEGORY 15	0	0	592,156	592,156
	TOTAL EXPENDITURES FOR DECISION UNIT E351	0	0	592,156	592,156
	TOTAL REVENUES FOR BUDGET ACCOUNT 1352	0	0	0	0
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 1352	0	0	592,156	592,156