



# 129th MAINE LEGISLATURE

LD 601

LR 1816(01)

## An Act To Create Fairness by Reinstating the Cost-of-living Adjustment for Workers' Compensation Benefits

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Bellows of Kennebec

Committee: Labor and Housing

Fiscal Note Required: Yes

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### Preliminary Fiscal Impact Statement

Current biennium cost increase - All Funds

Current biennium cost increase - local units of government

#### Fiscal Detail and Notes

Providing a cost-of-living adjustment for workers' compensation total and partial incapacity benefits will increase the cost of workers' compensation in the State. An analysis performed by the National Council on Compensation Insurance (NCCI), Inc. estimates the increase in costs on a prospective basis to be between 0.8% and 2.3%, or between \$2.0 million and \$5.0 million, respectively, not including those employers that self-insure. If employers that self-insure are included, NCCI estimates the overall impact to the workers' compensation system prospectively to be between \$3.0 million and \$8.0 million. This estimate considers the impact of this legislation on a prospective basis only. If this provision were to apply retroactively to claims occurring before the effective date of this legislation, the cost of this bill will be significantly higher.

The Workers' Compensation Board examined open claims with dates of injury on and after January 1, 1993 and estimated the fiscal impact of the cost-of-living adjustment to be approximately \$830,000 in the first year, or a .23% increase to the workers' compensation system.

The fiscal impact of this legislation on the State as a direct reimbursement employer and to local units of government can not be determined at this time and will depend on actual experience.