



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1840

PRINTERS NO. 3802

PRIME SPONSOR: Kauffman

### COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
Commonwealth Funds	\$0	\$0
Political Subdivision Funds	\$0	\$0

**SUMMARY:** Re-establishes a provision in the PA Workers' Compensation Act authorizing Impairment Rating Evaluations (IREs) for claimants and makes additional changes to address the 2017 PA Supreme Court's ruling in *Protz v. WCAB (Derry Area School District)* with a reduction (to 35%) of the impairment threshold; and increases the burial benefit in the act from \$3,000 to \$7,000. This legislation would take effect immediately.

**ANALYSIS:** This legislation re-establishes a provision in the PA Workers' Compensation Act authorizing IREs for claimants and addresses the *Protz* decision while also increasing the burial benefit in the act from \$3,000 to \$7,000.

**Protz Case Fix:** This legislation repeals Section 306(a.2) of the act and seeks to "fix" the *Protz* decision by enacting a "new" Section 306(a.3) that closely tracks the provisions of Section (a.2) as it stood before being struck down. There are, however, some differences in the language which include:

- A specification that the second printing of the 6<sup>th</sup> edition of the American Medical Association's "Guides to the Evaluation of Permanent Impairment" must be used for IREs, rather than "the most recent edition" that was noted in law in 1996.
- Additionally, to minimize the amount of disruption to the PA Workers' Compensation system, the legislation provides that insurers will be credited for all weeks of compensation paid for an injury prior to this effective date of the legislation.
- The impairment threshold (which triggers a switch from total to partial disability) is reduced to 35% (from 50% in the prior law).

**Burial Benefit:** The legislation increases the burial benefit in the Workers' Compensation Act from \$3,000 to \$7,000.

**Savings Calculation:** Applicability language is added to provide that the PA Compensation Rating Bureau will calculate the savings achieved through the legislation within 90 days, and the amount of savings will be used to provide an immediate rate reduction to policyholders.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth or political subdivision funds, nor would it have any adverse fiscal impact on the Commonwealth as an employer.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** June 21, 2018

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*