



HF 775 – Workers Compensation, Scheduled Injuries (LSB1884HV)
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Fiscal Note Version – New

Description

House File 775 requires additional workers' compensation payments for scheduled injuries that result in a reduction in the injured employee's earning capacity to the degree it is not substantially similar to the employee's pre-injury earnings capacity.

The Bill also permits an employee that has previously sustained a loss of a body part and then becomes permanently disabled, when the first injury is combined with a second compensable injury, to be paid benefits from the State Second Injury Fund. If the second compensable injury alone does not cause the employee to be unable to return to employment providing substantially similar earnings, then the employee would be eligible for the new benefit described above.

Background

A scheduled injury is an injury to, or loss of, a specific body part, such as a hand, arm, foot, or leg. A schedule of benefit payments that apply to scheduled injuries is provided in Section 85.34(2), Code of Iowa.

A non-scheduled injury is an injury not listed as a scheduled injury. Types of non-scheduled injuries are shoulder injuries, neck injuries, or back injuries. A back injury is the most common type of non-scheduled injury.

Assumptions

- The Iowa Department of Workforce Development (IWD) will need an additional deputy workers' compensation commissioner to address additional arbitration hearings and an increase in the number of contested cases.
- There is insufficient information to determine the fiscal impact to employers without an actuarial study. Insured employers may see an increase in workers' compensation rates. Self-insured employers, such as the State of Iowa and local government entities, will pay the full cost of the benefit increase. The Department of Administrative Services (DAS) indicates that, while the DAS and the Workers' Compensation Third-Party Administrator believe the legislation creates a substantial increase in costs for all employers, an actuarial study would be necessary to determine the actual cost impact of this change and such a study is not within the Department's budget.

Fiscal Impact

There is insufficient information to determine the total fiscal impact of the Bill without an actuarial study. There will be an increased cost to the IWD of an estimated \$124,000 annually beginning with FY 2010 for the addition of a deputy workers' compensation commissioner at the IWD.

Sources

Department of Administrative Services
Iowa Department of Workforce Development
Iowa Board of Regents

/s/ Holly M. Lyons

March 24, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
