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**SF 435** – Workers’ Compensation (LSB1691SV)  
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Fiscal Note Version – New

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**Description**

**Senate File 435** makes various changes to Iowa Code chapter **85** related to workers’ compensation by reducing benefits, limiting benefits, changing the qualifications for benefits, and reducing the interest rate calculation. The Bill is effective upon enactment.

**Assumptions**

- The change to Iowa Code section **85.34(2)(m)** pertaining to injuries to shoulders will result in the estimated reduction to benefit payments of 80.0% for those injuries, from an estimated payment equivalent of 125 weeks down to an estimated payment equivalent of 25 weeks.
- The change to Iowa Code section **85.34(2)(u)** pertaining to permanent partial disability injuries to the body as a whole will result in the estimated reduction to benefit payments of 10.0% for those injuries.
- The changes to Iowa Code section **85.34(3)(a)** pertaining to permanent total disability injuries for those employees receiving payments stopping when the employee reaches the age of 67 will impact 10 people annually.
- The change to Iowa Code section **535.3(1)** pertaining to a decrease in the interest calculated on workers’ compensation payments will reduce the annual interest rate by an estimated 5.5%.
- The Iowa Department of Workforce Development (IWD) will need an additional clerk specialist to address additional petitions for review and other legal documents due to the multiple changes to Iowa law.
- The IWD will need an additional insurance program specialist to address additional inquiries and to update multiple forms and publications due to the multiple changes to Iowa law.
- The IWD will need an additional deputy workers’ compensation commissioner to address rulemaking and increased litigation due to the multiple changes to Iowa law.
- The additional IWD staff will be hired in the last quarter of FY 2017.

**Fiscal Impact**

The Bill will decrease workers’ compensation payments from the Workers’ Compensation Fund. While a savings for the Workers’ Compensation Fund is anticipated for FY 2017, insufficient information is available, including an enactment date, to provide an estimate. The Bill will decrease workers’ compensation payments from the Workers’ Compensation Fund by an estimated \$2.1 million annually beginning with FY 2018, including an estimated \$60,000 due to reduced interest payments. Insured employers may see a decrease in workers’ compensation rates due to the reduction in claim payments. Self-insured employers, such as the State of Iowa and local government entities, would see a decrease in payments.

The Bill will increase the General Fund cost to the IWD by an estimated \$50,000 for FY 2017 and by an estimated \$205,000 annually beginning with FY 2018. This includes salaries and support for the following additional 3.0 full-time equivalent (FTE) positions:

**IWD Estimated Costs**

<b>Job Class</b>	<b>FY 2017</b>	<b>FY 2018</b>
Clerk Specialist	\$ 10,000	\$ 40,000
Insurance Program Specialist	15,000	61,000
Deputy Workers' Compensation Commissioner	25,000	104,000
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 205,000</b>
<b>FTEs</b>	3.0	3.0

**Sources**

Iowa Department of Administrative Services  
Iowa Department of Workforce Development  
Iowa Association of School Boards

/s/ Holly M. Lyons

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March 7, 2017

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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