

Reprinted

FEB 13 1992

HOUSE FILE 2250
BY COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS

Place On Calendar

(SUCCESSOR TO HF 255)

Passed House, Date 3/11/92 (p. 551) Passed Senate, Date 4/16/92 (P. 1465)
Vote: Ayes 54 Nays 43 Vote: Ayes 38 Nays 10
Approved April 29, 1992

A BILL FOR

- 1 An Act relating to an employee's choice of care under the
- 2 workers' compensation law.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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HF 2250

1 Section 1. Section 85.27, unnumbered paragraph 4, Code
2 1991, is amended to read as follows:

3 For purposes of this section, the employer ~~is-obliged-to~~
4 shall furnish reasonable services and supplies to treat an
5 injured employee, and ~~has-the-right-to~~ the employee may choose
6 the care. ~~The-treatment-must-be-offered-promptly-and-be~~
7 ~~reasonably-suited-to-treat-the-injury-without-undue~~
8 ~~inconvenience-to-the-employee.~~ If the employee employer has
9 reason to be dissatisfied with the care offered given, the
10 ~~employee-should~~ employer shall communicate in writing the
11 basis of such the dissatisfaction to the employer, ~~in-writing~~
12 ~~if-requested~~ employee, following which the employer and the
13 employee may agree to alternate care reasonably suited to
14 treat the injury. If the employer and employee cannot agree
15 on such alternate care, the industrial commissioner may, upon
16 application and reasonable proofs of the necessity therefor
17 for other care, allow and order other care. ~~In-an-emergency,~~
18 ~~the-employee-may-choose-the-employee's-care-at-the-employer's~~
19 ~~expense,-provided-the-employer-or-the-employer's-agent-cannot~~
20 ~~be-reached-immediately.~~ This paragraph does not prohibit an
21 employer from retaining a physician or other health service
22 provider for use by employees.

23 EXPLANATION

24 This bill allows an employee to choose the employee's
25 medical care for a job-related injury covered by workers'
26 compensation.

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HOUSE FILE 2250
FISCAL NOTE

A revised fiscal note for House File 2250 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

The following information for House File 2250 is revised due to revised information received from the Insurance Division of the Department of Commerce.

House File 2250 allows an employee to choose the employee's medical care for a job-related injury covered by worker's compensation.

Background:

Iowa currently allows employers to exercise first choice of doctors in the provision of medical care for work related injuries covered under worker's compensation. Historically this has been a source of cost control and oversight for employers.

Assumptions:

1. Two studies of the change from employer choice to employee choice of physician indicate the medical portion of worker's compensation costs will increase by 4.0% to 11.0%. The mid-point of 7.5% is used for this fiscal analysis.
2. Medical costs account for 40.0% of total worker's compensation costs.
3. Self-insured worker's compensation plans will experience an immediate increase in medical costs of 7.5% because they pay actual claims rather than premiums.
4. Premiums for worker's compensation will increase by 3.0%. However, the increase in premium costs will phase in over a 2-year period because it will take some time for the increase in medical costs to impact premium rates. The assumption for this analysis is 50.0% of the impact will take effect in FY 1994 and the full impact (100.0%) will take effect in FY 1995 and later years.
5. Under current law, the State of Iowa will spend \$6.4 million in General Fund money and \$1.7 of Road Use Tax Fund (RUTF) and Primary Road Fund (PRF) money for their self-insured worker's compensation plan for FY 1993 and later years.

Fiscal Impact:

This bill will result in additional General Fund expenditures (due to the State of Iowa's self-insured worker's compensation plan) of \$192,000 in FY 1993 and subsequent years. The bill will also increase RUTF/PRF costs for worker's compensation by \$51,000 for FY 1993 and subsequent years. General Fund revenues will increase by \$105,000 in FY 1994 and \$210,000 in FY 1995 and subsequent years due to increased premium tax revenue.

PAGE 2 , FISCAL NOTE, HOUSE FILE 2250

-2-

The net effect of the bill is an additional cost to the General fund of \$192,000 for FY 1993, \$87,000 for FY 1994, and a net increase in revenues of \$18,000 in FY 1995 and later years.

Local governments will experience increased costs in FY 1993 and later years if they have self-insured worker's compensation plans, but the effect cannot be estimated.

Sources: Department of Commerce - Insurance Division
Department of Employment Services - Industrial Services Division
Department of Personnel
worker's Compensation Research Institute
Milliman & Robertson Inc. - an actuarial firm

(LSB 2:55hv.2, MAS)

FILED MARCH 11, 1992

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2250

H-5063

1 Amend House File 2250 as follows:

2 1. Page 1, line 6, by inserting after the word
3 "care" the following: "if the employee has reimbursed
4 the employer in the amount of the premium paid by the
5 employer for workers' compensation insurance for that
6 employee".

By TYRRELL of Iowa

H-5063 FILED FEBRUARY 13, 1992

20/d 3/11 (p 550)

HOUSE FILE 2250

H-5081

1 Amend House File 2250 as follows:

2 1. Page 1, line 5, by inserting after the word
3 "may" the following: "accept the care furnished by
4 the employer or".

5 2. Page 1, line 6, by striking the word "the" and
6 inserting the following: "the other".

By SPEAR of Lee

H-5081 FILED FEBRUARY 18, 1992

adopted 3/11 (p 550)

HOUSE FILE 2250

H-5089

1 Amend House File 2250 as follows:

2 1. Page 1, line 20, by inserting after the word
3 "immediately-" the following: "If the industrial
4 commissioner does not order other care, the care
5 chosen by the employee shall prevail."

By SPEAR of Lee

H-5089 FILED FEBRUARY 19, 1992

adopted 3/11 (p 550)

HOUSE FILE 2250
FISCAL NOTE

A fiscal note for House File 2250 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2250 allows an employee to choose the employee's medical care for a job-related injury covered by worker's compensation.

Background:

Iowa currently allows employers to exercise first choice of doctors in the provision of medical care for work related injuries covered under worker's compensation. Historically this has been a source of cost control and oversight for employers.

Assumptions:

1. This bill will increase worker's compensation costs (both premiums and self-insured costs). The increase in costs will phase in over a 2-year period because it will take some time for the increase to impact premium rates. The assumption is 50.0% of the impact will take effect in FY 1994 and the full impact (100.0%) will take effect in FY 1995 and later years.
2. Costs for self-insured worker's compensation plans will increase by 25.0%.
3. Premiums for worker's compensation will increase by 3.0%.

Fiscal Impact:

This bill will result in additional General Fund revenues (due to premium tax collected by the Insurance Division) of \$105,000 in FY 1994 and \$210,000 in FY 1995 and later years. This bill will result in additional General Fund expenditures (due to the State of Iowa's self-insured worker's compensation plan) of \$1.0 million in FY 1994 and \$2.0 million in FY 1995 and later years.

The net effect of the bill is an additional cost to the General Fund of \$0.9 million for FY 1994 and \$1.8 million for FY 1995 and later years.

Local governments will also experience a negative fiscal impact in FY 1994 and later years if they have self-insured worker's compensation plans.

Sources: Department of Commerce - Insurance Division
Department of Employment Services - Industrial Services Division
(LSB 2155hv, MAS)

FILED MARCH 6, 1992

BY DENNIS PROUTY, FISCAL DIRECTOR

Sen. Bus - Labor Rel. 1/2, No Pass 3/25

HOUSE FILE 2250
BY COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS

(SUCCESSOR TO HF 255)

(As Amended and Passed by the House March 11, 1992)

Passed House, Date 4/2/92 (p. 1667) Passed Senate, Date 4/16/92 (p. 1465)

Vote: Ayes 96 Nays 0 Vote: Ayes 38 Nays 10

Approved April 29, 1992
Repassed Senate 4/21/92 (p. 1527)
aye 44, Nay 6

A BILL FOR

1 An Act relating to an employee's choice of care under the
2 workers' compensation law.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. Section 85.27, unnumbered paragraph 4, Code
2 1991, is amended to read as follows:

3 For purposes of this section, the employer ~~is-obliged-to~~
4 shall furnish reasonable services and supplies to treat an
5 injured employee, and ~~has-the-right-to~~ the employee may accept
6 the care furnished by the employer or choose the other care.

7 ~~The-treatment-must-be-offered-promptly-and-be-reasonably~~
8 ~~suited-to-treat-the-injury-without-undue-inconvenience-to-the~~
9 ~~employee:~~ If the ~~employee~~ employer has reason to be

10 dissatisfied with the care ~~offered~~ given, the ~~employee-should~~
11 employer shall communicate in writing the basis of ~~such~~ the
12 dissatisfaction to the ~~employer,-in-writing-if-requested~~

13 employee, following which the employer and the employee may
14 agree to alternate care reasonably suited to treat the injury.

15 If the employer and employee cannot agree on such alternate
16 care, the industrial commissioner may, upon application and
17 reasonable proofs of the necessity ~~therefor~~ for other care,

18 allow and order other care. ~~in-an-emergency,-the-employee-may~~
19 ~~choose-the-employee's-care-at-the-employer's-expense,-provided~~
20 ~~the-employer-or-the-employer's-agent-cannot-be-reached~~

21 ~~immediately:~~ If the industrial commissioner does not order
22 other care, the care chosen by the employee shall prevail.

23 This paragraph does not prohibit an employer from retaining a
24 physician or other health service provider for use by
25 employees.

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HOUSE FILE 2250

5733

1 Amend the amendment, S-5728, to House File 2250, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, line 36, by inserting after the word
5 "application" the following: "for a telephone hearing
6 or within fourteen working days of receipt of an
7 application for an in-person hearing".

By RICHARD RUNNING

S-5733 FILED APRIL 16, 1992

ADOPTED (p. 1465)

HOUSE FILE 2250

S-5728

1 Amend House File 2250, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. Section 85.27, unnumbered paragraph 4,
6 Code 1991, is amended to read as follows:
7 For purposes of this section, the employer is
8 obliged to furnish reasonable services and supplies to
9 treat an injured employee, and has the right to choose
10 the care. The treatment must be offered promptly and
11 be reasonably suited to treat the injury without undue
12 inconvenience to the employee. If the employee has
13 reason to be dissatisfied with the care offered, the
14 employee should communicate the basis of such
15 dissatisfaction to the employer, in writing if
16 requested, following which the employer and the
17 employee may agree to alternate care reasonably suited
18 to treat the injury. If the employer and employee
19 cannot agree on such alternate care, the commissioner
20 may, upon application and reasonable proofs of the
21 necessity therefor, allow and order other care. In an
22 emergency, the employee may choose the employee's care
23 at the employer's expense, provided the employer or
24 the employer's agent cannot be reached immediately.
25 An application made under this paragraph shall be
26 considered an original proceeding for purposes of
27 commencement and contested case proceedings under
28 section 85.26. The hearing shall be conducted
29 pursuant to chapter 17A. Before a hearing is
30 scheduled, the parties may choose a telephone hearing
31 or an in-person hearing. A request for an in-person
32 hearing shall be approved unless the in-person hearing
33 would be impractical because of the distance between
34 the parties to the hearing. The industrial
35 commissioner shall issue a decision within ten days of
36 receipt of an application. The employer shall notify
37 an injured employee of the employee's ability to
38 contest the employer's choice of care pursuant to this
39 paragraph."

By RICHARD RUNNING

S-5728 FILED APRIL 16, 1992
ADOPTED *as amended by 5733 4/16 (p 1465)*

HOUSE FILE 2250

S-5732

1 Amend the amendment, S-5728, to House File 2250, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, line 35, by striking the word "ten"
5 and inserting the following: "fourteen working".

By PAUL D. PATE

S-5732 FILED APRIL 16, 1992
WITHDRAWN *(p 435)*

SENATE AMENDMENT TO HOUSE FILE 2250

H-5957

1 Amend House File 2250, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. Section 85.27, unnumbered paragraph 4,
6 Code 1991, is amended to read as follows:
7 For purposes of this section, the employer is
8 obliged to furnish reasonable services and supplies to
9 treat an injured employee, and has the right to choose
10 the care. The treatment must be offered promptly and
11 be reasonably suited to treat the injury without undue
12 inconvenience to the employee. If the employee has
13 reason to be dissatisfied with the care offered, the
14 employee should communicate the basis of such
15 dissatisfaction to the employer, in writing if
16 requested, following which the employer and the
17 employee may agree to alternate care reasonably suited
18 to treat the injury. If the employer and employee
19 cannot agree on such alternate care, the commissioner
20 may, upon application and reasonable proofs of the
21 necessity therefor, allow and order other care. In an
22 emergency, the employee may choose the employee's care
23 at the employer's expense, provided the employer or
24 the employer's agent cannot be reached immediately.
25 An application made under this paragraph shall be
26 considered an original proceeding for purposes of
27 commencement and contested case proceedings under
28 section 85.26. The hearing shall be conducted
29 pursuant to chapter 17A. Before a hearing is
30 scheduled, the parties may choose a telephone hearing
31 or an in-person hearing. A request for an in-person
32 hearing shall be approved unless the in-person hearing
33 would be impractical because of the distance between
34 the parties to the hearing. The industrial
35 commissioner shall issue a decision within ten days of
36 receipt of an application for a telephone hearing or
37 within fourteen working days of receipt of an
38 application for an in-person hearing. The employer
39 shall notify an injured employee of the employee's
40 ability to contest the employer's choice of care
41 pursuant to this paragraph."

RECEIVED FROM THE SENATE

H-5957 FILED APRIL 17, 1992

House amended (5974) & Concurred 4/21 (p 1667)

HOUSE FILE 2250

H-5974

- 1 Amend the Senate amendment, H-5957, to House File
2 2250, as amended, passed, and reprinted by the House,
3 as follows:
4 1. Page 1, line 35, by inserting after the word
5 "ten" the following: "working".
6 2. Page 1, line 36, by inserting after the word
7 "for" the following: "alternate care made pursuant
8 to".
9 3. Page 1, line 38, by inserting after the word
10 "for" the following: "alternate care made pursuant
11 to".

By OLLIE of Clinton

H-5974 FILED APRIL 20, 1992

Adopted 4/20/92 (p. 1667)

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 2250

S-5775

1 Amend the Senate amendment, H-5957, to House File
2 2250, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 1, line 35, by inserting after the word
5 "ten" the following: "working".

6 2. Page 1, line 36, by inserting after the word
7 "for" the following: "alternate care made pursuant
8 to".

9 3. Page 1, line 38, by inserting after the word
10 "for" the following: "alternate care made pursuant
11 to".

RECEIVED FROM THE HOUSE

S-5775 FILED APRIL 21, 1992
CONCURRED (A.1527)

HOUSE FILE 2250

AN ACT

RELATING TO AN EMPLOYEE'S CHOICE OF CARE UNDER THE WORKERS' COMPENSATION LAW.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 85.27, unnumbered paragraph 4, Code 1991, is amended to read as follows:

For purposes of this section, the employer is obliged to furnish reasonable services and supplies to treat an injured employee, and has the right to choose the care. The treatment must be offered promptly and be reasonably suited to treat the injury without undue inconvenience to the employee. If the employee has reason to be dissatisfied with the care offered, the employee should communicate the basis of such dissatisfaction to the employer, in writing if requested, following which the employer and the employee may agree to alternate care reasonably suited to treat the injury. If the employer and employee cannot agree on such alternate care, the commissioner may, upon application and reasonable proofs of the necessity therefor, allow and order other care. In an emergency, the employee may choose the employee's care at the employer's expense, provided the employer or the employer's agent cannot be reached immediately. An application made under this paragraph shall be considered an original proceeding for purposes of commencement and contested case proceedings under section 85.26. The hearing shall be conducted pursuant to chapter 17A. Before a hearing is scheduled, the parties may choose a telephone hearing or an

in-person hearing. A request for an in-person hearing shall be approved unless the in-person hearing would be impractical because of the distance between the parties to the hearing. The industrial commissioner shall issue a decision within ten working days of receipt of an application for alternate care made pursuant to a telephone hearing or within fourteen working days of receipt of an application for alternate care made pursuant to an in-person hearing. The employer shall notify an injured employee of the employee's ability to contest the employer's choice of care pursuant to this paragraph.

.....
ROBERT C. ARNOULD
Speaker of the House

.....
MICHAEL E. GRONSTAL
President of the Senate

I hereby certify that this Bill originated in the House and is known as House File 2250, Seventy-fourth General Assembly.

Approved  1992

.....
JOSEPH O'HERN
Chief Clerk of the House

.....
TERRY E. BRANSTAD
Governor