



Senate

General Assembly

File No. 691

January Session, 2001

Substitute Senate Bill No. 1274

Senate, May 9, 2001

The Committee on Appropriations reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ADJUSTING THE CAP ON WORKERS' COMPENSATION ASSESSMENTS FOR ADMINISTRATIVE COSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Subdivision (2) of subsection (b) of section 31-345 of the general
2 statutes is repealed and the following is substituted in lieu thereof:

3 (2) The chairman of the Workers' Compensation Commission shall
4 annually, on or after July first of each fiscal year, determine an amount
5 sufficient in the chairman's judgment to meet the expenses of the
6 Workers' Compensation Commission. Such expenses shall include the
7 costs of the Division of Workers' Rehabilitation and the programs
8 established by its director, the costs of the Division of Worker
9 Education and the programs established by its director and funding
10 for the occupational health clinic program created pursuant to sections
11 31-396 to 31-402, inclusive. The Treasurer shall thereupon assess upon
12 and collect from each employer, other than the state and any
13 municipality participating for purposes of its liability under this

14 chapter as a member in an interlocal risk management agency
15 pursuant to chapter 113a, the proportion of such expenses, based on
16 the immediately preceding fiscal year, that the total compensation and
17 payment for hospital, medical and nursing care made by such
18 self-insured employer or private insurance carrier acting on behalf of
19 any such employer bore to the total compensation and payments for
20 the immediately preceding fiscal year for hospital, medical and
21 nursing care made by such insurance carriers and self-insurers. For the
22 fiscal years ending June 30, 2000, and June 30, 2001, such assessments
23 shall not exceed five per cent of such total compensation and payments
24 made by such insurance carriers and self-insurers. For the fiscal years
25 ending June 30, 2002, and June 30, 2003, such assessments shall not
26 exceed four and one-half per cent of such total compensation and
27 payments made by such insurance carriers and self-insurers. For any
28 fiscal year ending on or after June 30, [2002] 2004, such assessment
29 shall not exceed four per cent of such total compensation and
30 payments made by such insurance carriers and self-insurers. Such
31 assessments and expenses shall not exceed the budget estimates
32 submitted in accordance with subsection (c) of section 31-280. For each
33 fiscal year, such assessment shall be reduced pro rata by the amount of
34 any surplus from the assessments of prior fiscal years. Said surplus
35 shall be determined in accordance with subdivision (3) of this
36 subsection. Such assessments shall be made in one annual assessment
37 upon receipt of the chairman's expense determination by the
38 Treasurer. All assessments shall be paid not later than sixty days
39 following the date of the assessment by the Treasurer. Any employer
40 who fails to pay such assessment to the Treasurer within the time
41 prescribed by this subdivision shall pay interest to the Treasurer on the
42 assessment at the rate of eight per cent per annum from the date the
43 assessment is due until the date of payment. All assessments received
44 by the Treasurer pursuant to this subdivision shall be deposited in the
45 Workers' Compensation Administration Fund established under
46 section 31-344a. The Treasurer is hereby authorized to make credits or

47 rebates for overpayments made under this subsection by any employer
48 for any fiscal year.

LAB *Joint Favorable Subst. C/R*

APP

APP *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Implements the Budget (Workers' Compensation Administration Fund)

Affected Agencies: Workers' Compensation Commission, Department of Labor

Municipal Impact: None

Explanation

State Impact:

Funds in the amount of \$5,113,232 and \$5,247,950 have been included within sHB 6668 (the Appropriations Act, as favorably reported from the Appropriations Committee) for FY 02 and FY 03, respectively. This funding is for the Rehabilitative Services program in the Workers' Compensation Commission and the Occupational Health Clinics program in the Department of Labor. Both are financed through the Workers' Compensation Administration Fund (WCAF).

The WCAF is an appropriated special fund that obtains its revenues from an annual assessment on self-insured employers and on companies licensed to write workers' compensation insurance in Connecticut. The assessment is made as a percentage of the total

workers' compensation payouts in the state made in the prior year¹. The bill allows the WCAF assessment to be as much as 4½% only for FY 02 and FY 03. Without the bill, the cap will return to 4% beginning in FY 02. An assessment greater than 4% is required to continue funding for the Rehabilitative Services and the Occupational Health Clinics programs. It is a reduction from the 5% limit established for FY 00 and FY 01 by PA 99-214.

Funding for both of these accounts was eliminated in the governor's budget, but was partially restored in the Appropriations Act. The amounts provided in the Appropriations Act and a history of the recent expenditures in these accounts is shown below.

EXPENDITURES FOR REHABILITATIVE SERVICES PROGRAM AND OCCUPATIONAL HEALTH CLINICS (OHC's)

Fiscal Year	Rehab Serv.	OHC's	TOTAL
FY 03 (App.)	\$4,541,140	\$706,810	\$5,247,950
FY 02 (App.)	4,422,988	690,244	5,113,232
FY 01 (Est.)	4,500,000	644,507	5,144,507
FY 00	3,106,129	556,479	3,662,608
FY 99	4,062,430	606,532	4,668,962
FY 98	5,696,046	621,877	6,317,923

It is anticipated that the agency's assessment for FY 02 (made in October 2001 on actual payouts) will be less than 4% due to the use of a significant surplus in the WCAF from FY 01. Surplus in the WCAF is

¹ For the purposes of the assessment, workers' compensation payouts do not include those made by the state, the state's Second Injury Fund or payments made by municipalities through CIRMA, the Connecticut Conference of Municipalities' Connecticut Inter-local Risk Management Agency.

defined by statute as the balance of the fund after the close of the fiscal year that exceeds 50% of the prior year's actual expenditures. It is estimated that the full 4.5% assessment level will be necessary for FY 03 to cover the appropriations for that year.

OLR BILL ANALYSIS

sSB 1274

AN ACT ADJUSTING THE CAP ON WORKERS' COMPENSATION ASSESSMENTS FOR ADMINISTRATIVE COSTS.**SUMMARY:**

This bill increases, for FY 2001-02 and FY 2002-03, the Workers' Compensation Commission (WCC) employer assessment cap from 4% to 4.5% of employers' workers' compensation expenses for the prior year (see COMMENT). It lowers the cap back to 4% for FY 2003-04 and thereafter. Under current law, the cap for FY 2000-01 is 5% and for FY 2001-02 and thereafter, 4%.

EFFECTIVE DATE: October 1, 2001

BACKGROUND***WCC Financing***

By law, the General Fund does not support the WCC budget. Rather, it is financed through a special assessment that the state treasurer levies on private-sector employers and those towns that do not insure their workers' compensation liability through an interlocal risk management agency. Each employer's assessment is based on its workers' compensation-related expenses in the previous calendar year, up to the established cap. The WCC administers the workers' compensation system.

COMMENT***Effective Date***

The bill increases the WCC assessment cap for the fiscal year beginning July 1, 2001, to 4.5%, but the bill itself does not take effect until October 1, 2001.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference

Yea 14 Nay 0

Appropriations Committee

Joint Favorable Report

Yea 29 Nay 15