



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0197.02 (001): Revising workers' compensation laws relating to when the employee is released to return to work**

Primary Sponsor: Anthony Nicastro Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

### **FISCAL SUMMARY**

	<b><u>FY 2026 Difference</u></b>	<b><u>FY 2027 Difference</u></b>	<b><u>FY 2028 Difference</u></b>	<b><u>FY 2029 Difference</u></b>
<b>Expenditures</b>				
Other	(\$222,110)	(\$222,110)	(\$225,442)	(\$228,823)
<b>Revenues</b>				
Other	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

### **Description of fiscal impact**

HB 197, as amended, revises guidelines in which disability benefits are terminated when a claimant is released for full duty prior to or on reaching maximum medical improvement. The Montana State Fund will have a reduction in their current expenses.

### **FISCAL ANALYSIS**

#### **Assumptions**

#### **Department of Labor and Industry**

1. The implications of HB 197 will not create additional work for the Department of Labor and Industry's staff. There is no fiscal impact to the department from this proposed legislation.

#### **Montana State Fund**


2. This bill clarifies that temporary total disability (TTD) benefit payments will be terminated when a claimant is released to work without restrictions ("full duty release") by the claimant's treating physician.
3. In cases where a claimant is released to work with restrictions, section 39-71-609, MCA, requires an insurer to obtain a job analysis ("JA") from a third-party certified rehabilitation counselor detailing the physical requirements of the claimant's time of injury or alternative position. The treating physician must then review the job analysis to determine whether the job can be performed within the claimant's restrictions. TTD benefits must continue during this period.
4. A recent court decision (Nat'l Union Fire Ins. Co. v. Rainey, 2021 MTWCC 10) expanded this JA creation and approval requirement to apply in cases in which a treating physician has released the claimant to full duty. This interpretation has required MSF (and all workers' compensation insurance carriers) to obtain

more JAs and has increased TTD benefit exposure due to the requirement that the treating physician approve the JA prior to benefit termination.

5. MSF reviewed three years (2022 - 2024) of claim data and determined that about 30% of all MSF's JAs are obtained as a result of the obligation created in Rainey. This equates to an average of 266 claims per year.
6. MSF estimates that it takes approximately fourteen weeks to obtain a JA and have it reviewed by the treating physician.
7. MSF spends \$222,110 on average annually to obtain JAs per the Rainey decision:
  - a. Costs for obtaining a JA related to Rainey are estimated to be \$122,360 (\$460 for each of 266 claims.)
  - b. Travel costs for claimants and/or certified rehabilitation counselors resulting from Rainey JAs are estimated to be \$99,750.
8. Per HB 197, MSF will no longer need to prepare an estimated 266 JAs per year resulting in an estimated annually savings to MSF of \$222,110. This savings estimate has been inflated by 1.5% for FY 2028 and FY 2029.
9. MSF estimates the potential eliminated TTD benefit exposure, post full duty release, to be about \$2.7 million annually.
10. Additional claim benefit and provider costs increase claim losses and therefore impact premium pricing.

### Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Benefits	(\$222,110)	(\$222,110)	(\$225,442)	(\$228,823)
<b>TOTAL Expenditures</b>	<b>(\$222,110)</b>	<b>(\$222,110)</b>	<b>(\$225,442)</b>	<b>(\$228,823)</b>
<b><u>Funding of Expenditures</u></b>				
Other	(\$222,110)	(\$222,110)	(\$225,442)	(\$228,823)
<b>TOTAL Funding of Expenditures</b>	<b>(\$222,110)</b>	<b>(\$222,110)</b>	<b>(\$225,442)</b>	<b>(\$228,823)</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
Other	\$222,110	\$222,110	\$225,442	\$228,823

  
Sponsor's Initials

2-28-2025  
Date

  
Budget Director's Initials

2/27/2025  
Date