

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	HB2155
Version:	CS
Request Number:	9795
Author:	Speaker Steele
Date:	3/12/2012

Impact:	FY-13:
	Revenue Loss - OID - \$76,000
	Revenue Increase – GR - \$143,000

	FY-14 & Future:
	Revenue Increase – OID - \$115,000
	Revenue Increase – GR - \$765,000

Research Analysis

The committee substitute to HB2155 creates the Oklahoma Employee Injury Benefit Act. The measure authorizes any employer to voluntarily elect to be exempt from the Workers' Compensation Code and elect to become a qualified employer by satisfying several requirements. The Insurance Commissioner will collect and maintain the qualified employer's information, maintain compliance and may require the employer to confirm its qualified employer status.

A qualified employer must notify all employees of its status and that it does not carry workers' compensation insurance coverage. Instead, the employer will adopt a written benefit plan which will provide for payment, not less than a minimum amount as provided by this measure, of medical, disability, permanent bodily impairment, death and dismemberment benefits as a result of an occupational injury. The benefit plan must provide some level of benefits for sickness, injury, and/or death not due to an occupational injury. Additionally, the benefit plan may provide for lump-sum payouts, voluntarily entered into settlement agreements and further conditions and limitations on benefits. Benefit plans must comply with and be subject to the federal Employee Retirement Income Security Act (ERISA).

A qualified employer may self-fund or insure benefits payable under the plan, employer's liability, and other related risks with any qualified insurance carrier. A qualified employer must obtain accident insurance coverage, a surety bond, or other security as may be acceptable to the Insurance Commissioner.

The measure provides for exclusive liability and remedy protections for a qualified employer. The qualified employer will only be liable if the occupational injury of a covered employee is the result of an intentional tort. Other claims for occupational injuries must be filed within two years. The qualified employer or its insurers will be responsible for certain damages and attorney fees awarded.

Covered employees and qualified employers must resolve occupational injury benefit disputes in accordance with the benefit plan and ERISA and intentional tort or death claims through the appropriate courts of Oklahoma. A qualified employer may require, as a condition of employment, a requirement for voluntary or mandatory mediation.

The measure provides required procedures and effects of challenges brought against this Act.

Prepared By: Andrea Merten

Fiscal Analysis

According to the Insurance Department (OID), approximately 50 to 100 qualified employers will apply within the first 12 months. At \$2,500 per application, that would be \$125,000 to \$250,000 in revenue (OID share \$29,375 to \$ 58,750)(GRF share \$95,625 to \$191,250). OID estimates 2 FTE's will be required. At \$60,000 each for salary and benefits, the cost to OID would be \$120,000 per year. There would be additional costs to create and implement the electronic reporting and public information system, but OID is unable to estimate those at this time...

OID estimates that over a 2 to 3 year period the total qualified employers will reach 300-500. This would be annual revenue of \$750,000 to \$1.25 Million (OID share \$176,250 to \$293,750)(GRF share \$573,750 to \$956,250). No more than the original 2 FTE's would be needed.

According to the Workers' Compensation Court (WCC), there would be a revenue loss from claims closed outside the WCC system. Similarly, WCC workload would decrease from claims handled outside the system and the number of staff positions required may go down to offset the revenue loss. Since it is difficult to estimate the number and claim experience of qualified employers that would opt out of the current system, WCC is unable to estimate any cost.

Prepared By: Marilyn Anderson

Other Considerations

None