

February 14, 2024

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
300 SW 10th Avenue, Room 346-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2776 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2776 is respectfully submitted to your committee.

HB 2776 would require that on and after July 1, 2024, any member of the National Guard who is entitled to certain benefits would be subject to the procedures, benefits, and compensation established by the Workers Compensation Act. The bill provides that the average weekly wage of a member would be the member's current military earnings, the amount of federal compensation received would be deducted from the amount otherwise due from the State of Kansas, and that before any claim is processed, the member must sign an authorization consenting the release of any information pertaining to the federal compensation. The bill would require a 50.0 percent reduction of any compensation benefit payable for permanent partial disability or permanent total disability that the employee is eligible to receive under the Workers Compensation Act if the employee receives retirement benefits under the federal Social Security Act. The bill lists exceptions to the 50.0 percent reduction.

The bill would require a judicial determination of dependency regarding compensation where death results from injury that would be paid to a dependent and raises the maximum amount of compensation benefits from \$300,000 to \$500,000. The bill outlines when the compensation benefits for dependents would be terminated. When death does not result from injury, the minimum weekly payment for a permanent total disability would increase from \$25 to \$50 per week and certain functional impairment requirements to the determination of permanent total disability would be added. The bill would also increase the minimum weekly payment for temporary total disability from \$25 to \$50 per week. The bill would provide that the loss of use

of a scheduled member would be the percentage of functional impairment the employee sustained on account of the injury. The bill would increase the employers' maximum liability for permanent total disability, temporary total disability, permanent or temporary partial disability, and permanent partial disability and would require yearly adjustments to such maximum compensation benefits beginning in 2027. The bill would also increase the evidentiary standard for future medical treatment. The bill would limit proceedings for post-award medical benefits and create the presumption that no costs or attorney fees would be awarded when requests for post-award medical benefits are provided within 30 days.

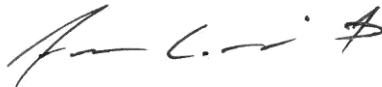
The bill adds "sick, vacation or other paid time off" to the term "money" for purposes of the average weekly wage and excludes the first week of employment from the calculation of the employee's average weekly wage if the employee worked less than the expected weekly schedule. Certain benefits payments would be allowed to be paid using electronic funds transfers or payment cards. An injured worker's attorney would be notified of each payment. An employer would also be responsible for reimbursement of reasonable expenses for overnight accommodations for certain examinations. The bill would also increase the liability limit from \$15 to \$30 per day that the employee was required to be away from their residence. The bill outlines procedures for neutral healthcare examinations and the exchange of medical reports between parties. The deadline for an employee to notify an employer of an injury would be increased from 20 to 30 calendar days from the injury or from ten to 20 days if the employee is no longer employed, whichever is shorter. The bill would eliminate the three-year deadline for a claimant's motion to extend time for proceeding to avoid dismissal for lack of prosecution. Awards including future medical treatment would be prohibited unless certain conditions are met. The would bill allow digital recording of certain workers compensation hearings and allows the Workers Compensation Fund to implead a principal that it believes should cover an injured worker's benefits.

The Department of Administration estimates that enactment of the bill would increase expenditures by \$84,378 in FY 2025 and \$166,256 in FY 2026 from fee funds due to increases in workers compensation limits. The Department estimated temporary total disability changes would result in approximately \$61,408 in FY 2025 for three new claims, and an additional three claims would be added the following fiscal year, making the FY 2026 total \$122,816. For permanent total disability, the Department estimates two new claims would be added at a cost of \$20,470 for FY 2025 and an additional \$20,470 for two additional claims in FY 2026, for a total of \$40,940 in FY 2026. The Department states there are on average 11 unauthorized medical claims that reach the \$500 cap under current statute, which would be increased to \$700 under the bill. As a result, such claims would cost an additional \$2,200 in FY 2025 and FY 2026. Per diem increases from \$15 to \$30 under the bill would result in an additional \$300 in FY 2025 and FY 2026 for approximately 20 claims.

The Insurance Department indicates enactment of the bill would increase expenditures to its fee funds by \$8,857 to \$15,943 in FY 2025 and beyond. The Department states that the National Council on Compensation Insurance estimates an overall effect on the potential benefit increase on workers compensation benefits costs of between 0.5 percent and 0.9 percent. In FY 2023, the Workers Compensation Fund had benefit costs of \$1,771,460.

The Department of Labor indicates enactment of the bill would not have a fiscal effect on the agency. Any fiscal effect associated with HB 2776 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt" with a stylized flourish at the end.

Adam C. Proffitt  
Director of the Budget

cc: Tamara Emery, Department of Administration  
Matt Spurgin, Office of Administrative Hearings  
Bobbi Mariani, Insurance Department  
Dawn Palmberg, Department of Labor