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## FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 2/20/03 HB 110/aHJC

SHORT TITLE: Worker's Comp & Medicaid Benefits Settlements SB \_\_\_\_\_

ANALYST: Chavez

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
NFI	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 112

### SOURCES OF INFORMATION

Workers' Compensation Administration (WCA)  
 Human Services Department (HSD)  
 LFC Files

### SUMMARY

#### Synopsis of HJC Amendment

The House Judiciary Committee amendment makes technical correction to strike "describes" and replace it with "described".

#### Synopsis of Original Bill

House Bill 110 amends Section 55-9-109 NMSA 1978, which is part of the New Mexico enactment of Article 9 of the Uniform Commercial Code relevant to secured transactions. Section 55-9-109 sets forth the scope of what is covered by Article 9, and includes a list in subparagraph (d) of various types of financial arrangements, transactions, agreements, debts and other types of dealings *not* covered by Article 9. House Bill 110 includes in subparagraph (d) the right to payment under worker's compensation and the right to receive benefits under a special needs trust set up pursuant to Medicaid eligibility law. In summary, the effect is to prevent the creation of an enforceable security interest in a third party in workers' compensation or Medicaid trust funds.

Significant Issues

With respect to workers' compensation benefits, this bill fixes an unintended conflict between the UCC and the Workers' Compensation Act that was created in 2001. The UCC allows for workers' compensation benefits to be assigned to another in exchange for cash payment. The Workers' Compensation Act prohibits lump sum payment of benefits and assignments to creditors in general.

The general purpose and outcome of the bill have been endorsed by the Workers' Compensation Advisory Council (2001) and the specific language has been endorsed by the National Conference of Commissioners for Uniform State Laws (NCCUSL).

**FISCAL IMPLICATIONS**

This bill contains no appropriations. The Workers' Compensation Administration (WCA) indicates that this bill will not affect the amount of workers' compensation benefits paid by any state agency.

**ADMINISTRATIVE IMPLICATIONS**

The WCA indicates that the bill affects the disposition of the workers' compensation benefit stream but not the eligibility for or award of benefits. It will forestall assignments of workers' compensation benefits and reduce slightly any attendant administrative load arising from assignments for workers' compensation payments.

**DUPLICATION**

House Bill 110 is identical to Senate Bill 112.

**TECHNICAL ISSUES**

The WCA indicates that the exact language has been adopted in a number of other states.

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