

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 3/11/07

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Workers' Comp "Loss of Use" Compensation SB SM 73

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal		Minimal	Non-Recurring	Workers' Compensation Administration

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB153

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Memorial 73 requests a review and reconsideration of "Loss of Use" compensation under the Workers' Compensation Act. The memorial identifies that the current law assigning a fixed time period to a schedule of benefits under the Workers' Compensation Act is very specific and loss of use of a body part is not always considered in the assignment of impairment.

The memorial also recognizes that loss of use is considered in the evaluation for awarding benefits and that there currently is a lack of objective criteria for such evaluation. The memorial suggests that the *American Medical Association's Guides to the Evaluation of Permanent Impairment* should be used as an objective criteria guide.

The memorial requests that the Director of the Workers' Compensation Administration convene a task force to review the current law and valuation of "loss of use" of various parts of the body.

The task force shall include representatives of labor, business, the insurance industry and workers' compensation attorneys.

The task force shall report to an appropriate interim committee of the legislature by November 2007.

Copies of the memorial are to be transmitted to the director of the Workers' Compensation Administration, the Advisory Council on Workers' Compensation, the Superintendent of Insurance, the State Bar Association, and the New Mexico Trial Lawyers Association.

FISCAL IMPLICATIONS

There may be a slight administrative cost associated with staff time, travel, and meeting space which is not addressed in the bill.

SIGNIFICANT ISSUES

Use of the *American Medical Association's Guides to the Evaluation of Permanent Impairment* essentially removes the subjective assignment of a "loss of use" percentage by a workers' compensation judge (WCJ); on the other hand, use of the guide would ensure fiscal predictability for benefits paid.

ADMINISTRATIVE IMPLICATIONS

There may be a slight administrative cost associated with staff time, travel, and meeting space which is not addressed in the bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 153

TECHNICAL ISSUES

It is unclear whether one of the goals of convening the task force is to recommend legislation for the 2008 legislative session.

OTHER SUBSTANTIVE ISSUES

The memorial identifies the *American Medical Association's (AMA) Guides to the Evaluation of Permanent Impairment* which is among the most widely accepted systems of rating permanent impairment.

The AMA guidelines are comprehensive and provide a system of rating impairment that includes a wide range of conditions. The guidelines provide an objective and reliable system of rating permanent impairment.

DL/nt