

March 6, 2017

The Honorable Steven Johnson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2342 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2342 is respectfully submitted to your committee.

Under current law, an employer has the duty to provide the services of a health care provider for medical, surgical, and hospital treatment to an injured worker. HB 2342 would require the employer to pay for the health care provider designated by the injured worker for medical, surgical, and hospital treatment.

The Insurance Department indicates HB 2342 would transfer the right to select the workers compensation medical provider from the employer to the employee. The Insurance Department indicates that studies have shown that medical and indemnity costs are lower for states that restrict an employee's choice of physician. Possible reasons are that the employers are able to negotiate lower prices, control the utilization of services, and achieve better return-to-work outcomes by directing care through physicians with extensive experience handling occupational injuries. The Insurance Department does not have enough data to make an estimate of the additional healthcare costs that could result from this bill; however, the agency estimates that the potential increase in total cost per claim would be significant. This has the potential to increase Workers Compensation Fund liabilities and increase the cost of workers compensation insurance across the state. The Insurance Department indicates that the bill would have no fiscal effect on its operations.

The Department of Labor indicates the bill would have no fiscal effect on its operations. The Department does not provide workers compensation benefits in its Workers Compensation

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Services Division, but rather, oversees the claims and benefits process, which takes place in the private insurance market.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Dawn Palmberg, Department of Labor  
Glenda Haverkamp, Insurance  
Dan Thimmesch, Health & Environment