

**LOCAL GOVERNMENT
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 28, 2015

Agency Submitting: Local Government

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses
A.B. 187 / BDR 53 - 898

City/County: **City of Henderson**

Approved by: Mike Cathcart, Business Operations Manager

Comment: This legislation would have a fiscal impact to the City of Henderson. Mandating the addition of providers who ask to be included in the City's provider list could result in an influx of providers who do not understand workers' compensation, as well as injured workers switching providers. This could increase unnecessary testing and/or surgeries and result in more Independent Medical Examinations (IMEs) and potentially higher disability ratings by less knowledgeable providers. The fiscal impact is a 10% increase in costs to the City's self-insurance plan.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$192,000	\$197,760	\$413,497

City/County: **City of Las Vegas**

Approved by: Michelle Thackston, Administrative Secretary

Comment: According to HR BDR 53-898 addresses industrial medical insurers (i.e., insurers associated with workers compensation). One aspect of the bill requires that carriers contract with any qualified provider. This provision has the potential to substantially drive up costs. Carriers would no longer have control over provider performance.

Another section of the bill would allow injured employees to select any qualified provider unless the insurance is managed care. Again this has the potential to drive up costs substantially as there is less control over provider performance.

Human Resources states they are not sure how to measure or cost out the fiscal impact but this could increase our worker comp cost by multiple amounts.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Reno**

Approved by: Ryan High, Budget/Strat. Initiatives Mgr.

Comment: After initial review, there appears to be minimal to no fiscal impact to the City of Reno.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: No Impact

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: **Carson City**

Approved by: Nickolas A. Providenti, Finance Director

Comment: From a financial standpoint, I don't think providers would be willing to give further discounts below fee schedule as there would be no reason to give it as they would not be "competing" to be on panel since we would be required to allow them. Discounts could go away and we would be paying strictly at fee schedule, so yes, I think this could impact us in cost of medical care and perhaps in indemnity cost as well if we get physicians who refuse to follow the statutory requirement to give work restrictions and they choose instead to leave employees "temporarily totally disabled" required that compensation benefits be paid.

This would have an impact to Carson City, but the amount is unknown at this time.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

City/County: **Churchill County**

Approved by: Eleanor Lockwood, County Manager

Comment: BDR 53-898 relates to workers compensation managed care organizations (MCOs) and Preferred Provider Organizations (PPOs). Since PACT presently utilizes an MCO, the fiscal impact appears to be negligible to PACT and its members. However, should PACT ever have to consider a PPO, the fiscal impact would be significant, in that we no longer would have the ability to select our own qualified panel physicians. The selection would be up to the Division of Industrial Relations Administrator who would not be able to refuse any licensed physician who wanted to be on the list, effectively limiting the value of a PPO network. Cost containment and quality control would be eliminated and costs could rise substantially.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: Clark County Approved by: David Dobrzynski, Assistant Director of Finance Comment: While it is anticipated that this would result in increased costs to the County due to costs associated with the use with MCOs and contracting physicians as well as the overlap in existing services, it is difficult to estimate those costs at this time.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: Esmeralda County Approved by: Karen Scott, Auditor/Recorder Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: Humboldt County Approved by: Sondra Schmidt, Comptroller Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: Washoe County Approved by: Liane Lee , Government Affairs Manager Comment: Work Comp claim cost increase anticipated to be around 10%. It is unknown what claim costs will be since there are many variables. For estimations, this estimate is based on 10% of the last 10 years of average claims.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$181,000	\$181,000	\$181,000	\$362,000

City/County: White Pine County Approved by: Elizabeth Frances, Finance Director Comment: The potential these changes could lead to is increased worker comp costs. The exact numbers cannot be identified however it will have adverse impact on the County in the form of increase expense.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

School District: Carson City School District Approved by: Andrew J Feuling, Director of Fiscal Services Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Clark County School District Approved by: Nikki Thorn, Deputy CFO Comment: CCSD does not expect any impact. Although CCSD is self-insured for workers compensation, CCSD contracts with a managed care organization (MCO) who provides the medical services for our injured employees. The MCO already provides a list of available physicians and also are constantly reviewing requests to be added to the list.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Douglas County School District Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES Comment: Given the wording of the bill, there are certain costs that through VERY PRELIMINARY estimates indicate increases to Medical, TTD, and PPD costs by roughly 10% annually. It could be higher for certain areas, but this is an average only. We can still control medical to a degree if this bill passes, but the injured worker will now be able to request a TOC and select a "non-WC friendly" doctor. We cannot really put a number on how frequently that might happen, hence the preliminary figures. But it is probably safe to estimate 8-10% increase in our Medical (non-WC friendly docs tend to treat more and order unnecessary tests---plus more IME's to combat subpar reporting), TTD (non-WC friendly docs will take people off work more), and PPD's might be higher if increased surgeries. The estimated expenses above reflect 10% increase over FY13/14 audited numbers. There is also the potential impact of TPA fee increases which I have provided as a 1% of current TPA expenditures. IME = Independent Medical Exam TTD = Temporary Total Disability TPA = Third Party Administrator PPD = Permanent Partial Disability				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$61,000	\$61,000	\$61,000

School District: Esmeralda County School District Approved by: Monie L. Byers, Supervisor Comment: Unable to determine.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia

School District: Esmeralda County School District				
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Lincoln County School District Approved by: Steve Hansen, Superintendent Comment: Provided choice and alternate choices of health care providers, but does not have a fiscal impact to Lincoln County School District.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Lyon County School District Approved by: Philip Cowee, Director of Finance Comment: The fiscal impacts cannot be determined with the information provided.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Nye County School District Approved by: Kerry Paniagua, Executive Secretary Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: Pershing County School District Approved by: Dan Fox, Superintendent Comment: This could have an impact, but the district doesn't have sufficient information to identify what it would be.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Washoe County School District Approved by: Lindsay E. Anderson, Director of Government Affairs Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: **White Pine County School District**

Approved by: Paul Johnson, CFO

Comment: Any additional administrative rules and regulations that increase the cost of administering the worker's compensation program may increase the cost of worker's compensation premiums. Because the school district is part of the Nevada Public Agency Compensation Trust, the increases are paid through pooled premiums. This means that impacts to the worker's compensation are shared among all of the participating employers. Although the proposed legislation may have an impact to the worker's compensation program, the cost to the individual employer should be nominal. Unfortunately there isn't enough information to provide a reasonable estimate of the impact.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

The following cities, counties and school districts did not provide a response: Boulder City, City of Elko, City of Mesquite, City of North Las Vegas, Douglas County, Elko County, Eureka County, Lander County, Lincoln County, Lyon County, Mineral County, Nye County, Pershing County, Storey County, Churchill County School District, Elko County School District, Eureka County School District, Humboldt County School District, Lander County School District, Mineral County School District, and Storey County School District.