



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

February 28, 2023

Daniel Dickerson

H.217 – An act relating to miscellaneous workers’ compensation amendments

As Introduced¹

Bill Summary

This bill proposes to set the fiscal year 2024 workers’ compensation contribution rates at the same levels as for fiscal year 2023. The direct calendar year premium for workers’ compensation insurance would remain at 1.5 percent. The contribution rate for self-insured workers’ compensation losses and workers’ compensation losses of corporations would remain at 1.0 percent.

This bill also proposes to establish in statute that in any year when the General Assembly does not establish workers’ compensation contribution rates then the rates would stay that same as they were in the prior year. Additionally, the bill proposes to remove the sunset on current law that allows for a workers’ compensation claimant to object to a discontinuation of benefits notice and seek an extension of benefits for 14 days while the objection is reviewed by the Department of Labor.

Proposed FY24 workers’ compensation contribution rates would remain at FY23 levels:

1.5% for employers

1.0% for self-insured entities

All provisions of the bill would be effective upon passage.

Fiscal Impact

JFO estimates that passage of this bill would not result in any new impacts to State revenues or expenditures. The workers’ compensation premium contribution rates, which are required to be set annually, would be unchanged from FY23 levels. Revenues from these premium contributions in FY24 are expected to be on par with current year levels, which would result in approximately \$2.5 million in total revenues going to the Workers’ Compensation Administration Fund.

Background and Details

Workers’ Compensation Administration Fund (Sec. 1-2)

The following table has a summary of revenues going into the Workers’ Compensation Administration Fund and expenses out of the fund over the two most recent completed fiscal years – 2021 and 2022, as well as

¹ <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0217/H-0217%20As%20Introduced.pdf>

revenues and expenses for 2023 to-date.² The fund has carried a significant balance from year to year, however the Department of Labor is undertaking an IT upgrade for the Workers' Compensation program that is expected to spend down some of this balance over the next few years. The employer rate of contribution was 1.4 percent in FY21 and FY22 and rose to 1.5 percent in FY23. The self-insured rate has been steady at 1.0 percent. The Department of Labor estimates that total annual revenues in FY23 and FY24 to the workers' compensation fund will likely be roughly equal to FY22 revenues.

Workers' Compensation Administration Fund revenues and expenses (FY2021-2023)			
	FY2021	FY2022	FY2023 (to-date)
Balance – beginning of year	\$7,262,904	\$8,624,354	\$6,980,407
Revenues			
Employer Contribution	\$2,191,392	\$2,261,209	\$1,990,916
Self-Insured Contribution	\$264,419	\$204,223	\$177,677
Other	\$216	\$285	\$56
Total Revenues	\$2,456,026	\$2,465,717	\$2,168,649
Expenses	(\$1,094,576)	(\$4,109,664)	(\$1,642,605)
Balance – end of year	\$8,624,354	\$6,980,407	<i>unknown</i>

Discontinuance of benefits (sec. 3)

Since July 1, 2014, per Act 199 of 2014, workers' compensation claimants have been able to file an objection to a proposed discontinuance of benefits from an employer and request a 14-day extension of benefits while the objection is reviewed. The Department of Labor reviews objections and issues decisions as to whether a discontinuance is reasonably supported or whether the benefits should continue. Per the Department, objections have made up a relatively small number of total discontinuance actions since the law was enacted and have not required much staff time. The Department does not believe that keeping this piece of statute in place would require any new staffing or resources.

² FY23 revenues and expenditures for the Workers' Compensation Administration Fund as of 2/27/2023.