



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1300: WORKERS' COMP BENEFITS PROOF OF ENTITLEMENT

Prime Sponsors:

Rep. Willford

Sen. Kipp

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill makes modifications to the provision of medical benefits under the state's workers' compensation statute.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, the Division of Workers' Compensation in the Colorado Department of Labor and Employment (CDLE) adopts utilization standards for the delivery of medical benefits for workers' compensation claims. This bill requires that an employer or the employer's insurer use the division's utilization standards when responding to a request for authorization from a treating physician. If the employer or insurer fails to act in accordance with the standards, the division may deem the physician's services as reasonable and necessary, and require payment for the services by the employer or the employer's insurer.

Under current law, a claimant in a workers' compensation claim has the burden of proving entitlement to benefits. This bill requires that the claimant's employer or insurer bear the burden of proving that medical treatment recommended by an authorized physician is not reasonable, necessary, or related to the injury.

The bill repeals the requirement that an employer provide a list of health care providers from which an injured worker may select to attend to an injury, and repeals the related provisions with respect to geographic location of providers and requirements when the employer is a health care provider that could treat the injury "in house." Instead, this bill requires that, within seven days of being notified of a workplace injury, an employer or insurer notify the injured employee of the employee's right to designate a treating physician and where to access the list of Level I and Level II accredited physicians maintained by the CDLE. If the employee fails to designate a primary physician, the employer or insurer may select from the list of accredited physicians.

Background

The State Office of Risk Management in the Department of Personnel and Administration (DPA) pays workers' compensation benefits to state employees. The state is self-insured for workers' compensation claims. Annually, the office's actuary projects the state's total workers' compensation needs and estimates the allocation for each agency as a percent of the total.

The Division of Workers' Compensation in the CDLE enforces state law related to workers' compensation, which includes conducting prehearing conferences, auditing admissions filed by insurance carriers or their third-party adjusters, and overseeing the Division of Independent Medical Examination (DIME) program.

State Expenditures

The bill is expected to impact workload in several state agencies, as discussed below.

Department of Labor and Employment

CDLE will update its policies and procedures to align with the bill. No change in appropriations is required.

Department of Personnel and Administration

The bill may impact workload and costs in the State Office of Risk Management and in the Office of Administrative Courts (OAC). These impacts are assumed to be absorbable initially, but will be addressed through the annual budget process as needed in future fiscal years.

The state's risk management pool may experience higher costs if injured workers choose medical providers that offer expanded medical services and treatment, increasing costs for compensation of injured state employees. If these costs require an increase in agency contributions to the risk pool, this be addressed through total compensation as part of the annual budget process.

The OAC may have additional caseload from increased litigation if insurers dispute new treatments and diagnostic testing from medical professionals chosen by the employee. Initial caseload increases are assumed to be absorbable.

Judicial Department

Although most disputes related to state workers' compensation are handled by the OAC in DPA, there is an appellate process through the courts. Parties may request judicial review once other legal avenues are exhausted. Assuming most cases are resolved through administrative courts, the bill is expected to have a minimal impact on the trial courts.

Effective Date

The bill takes effect January 1, 2026, assuming no referendum petition is filed, and applies to workers' compensation claims filed on or after that date.

State and Local Government Contacts

Judicial

Law

Labor

Personnel