

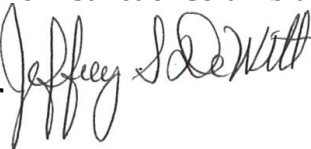
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: January 19, 2016

SUBJECT: Fiscal Impact Statement – “Workers Compensation Benefits Lien Reduction Amendment Act of 2016”

REFERENCE: Bill 21-388, Committee Print given to the Office of Revenue Analysis on January 4, 2016.

Conclusion

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

Background

Under current law, a person who receives a monetary award for an injury through a legal settlement or court proceeding, and receives workers compensation benefits due to the injury, must first repay workers compensation benefits received. This is a workers compensation benefits lien. After the lien is satisfied, the injured party also pays all attorney fees and legal costs. The employer or workers compensation insurer is not required to pay any attorney fees or litigation costs, even though they may benefit from the litigation.

The bill requires employers or workers compensation insurers to proportionally share in the litigation cost of cases brought by injured persons against the responsible party, unless they are represented separately.

Financial Plan Impact

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill. The bill affects private insurers only. The District government workers compensation fund already permits lien reduction for the cost of a lawsuit.¹

¹ D.C. Official Code § 1-623.32, allows for adjustment after recovery from third person.