



National
Council on
Compensation
Insurance, Inc.

Preliminary Cost Impact Analysis

Montana HB 334 (Two Potential Amendments)

As Requested on 02/14/2011

NCCI has completed a preliminary cost impact analysis for alternatives for two of the proposed provisions in Montana House Bill 334, as requested by the Department of Labor & Industry, Employment Relations Division. This analysis includes a description of some of the two specific changes, an indication as to the approximate magnitude and direction of their cost impact, and identifies potential unintended consequences or other notable items.

The analysis was completed in an expedited manner and is considered preliminary. NCCI may supplement this document with a complete and final analysis of the proposal at a later date. It is possible that the estimated impact of the final analysis will differ materially from what is provided in this document. Note that the absence of an update to the preliminary analysis does not signify that this is NCCI's final assessment of the cost impact of the proposal.

Preliminary Cost Impacts

NCCI estimates that proposed changes to **the following two provisions** of HB 334 may impact overall Montana workers compensation system costs according to the table below:

Provision	Low Overall Impact	High Overall Impact
Permanent Partial Awards (§703)	-2.7% / -\$11M	-1.3% / -\$5M
Termination of Medical Benefits (§704 & New Section 20)	-17.1% / -\$70M	-3.3% / -\$14M
Subtotal –	-19.3% / -\$81M	-4.6% / -\$19M
NOTE: Not all provisions of HB 334 have been evaluated		

Note that each provision was evaluated in isolation, without taking into account the interaction between the various components in the proposal. If one or both of these provisions are ultimately enacted, the combined interactions and impacts may result in an overall impact that differs from a simple mathematical combination of the individual impacts described above.

No effective date was included with this proposal. NCCI assumed a prospective claims only effective date of July 1, 2011. NCCI's estimated cost impacts do not reflect any potential retroactive impacts. Such a retroactive application results in a different level of benefits that were contemplated in the premiums charged for policies written prior to July 1, 2011.

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