

FISCAL NOTE TO  
**ASSEMBLY, No. 443**

# STATE OF NEW JERSEY

DATED: AUGUST 9, 1996

Assembly Bill No. 443 of 1996 provides for reductions in workers' compensation insurance premiums for small employers who are determined by the Employee Assistance Plan Review Commission, created pursuant to the bill, to provide qualified Employee Assistance Plans to their employees. Under the bill, an employer with a qualified plan would receive a workers' compensation premium reduction of 5 percent for an initial period of three years, and an increase or decrease of no more than 2.5 percent thereafter, as determined by the commission. Employee Assistance Plans are defined as programs in which an employer, or group or consortium of employers, provides certain services to employees to resolve drug and alcohol abuse problems which may affect work performance.

The bill also provides for the commission to determine the eligibility of those employers providing qualified Employee Assistance Plans for tax credits; however, legislation pending in a prior session (see Assembly Bill No. 2457 of 1993) effectuating these tax credits has not been reintroduced in the current session.

The Office of Legislative Services (OLS) notes that in response to a similar bill considered during the last session (Senate Bill No. 166 of 1994), the Department of Insurance projected that the bill would have no fiscal impact on its operating budget. The department's analysis presumed that small employers would not find the premium reduction offered by the bill to be cost effective, since employee assistance plans are generally expensive to operate and are usually only offered by large employers to whom the bill does not apply. Moreover, the department noted that since more than one-half of the workers' compensation policies issued in New Jersey carry a premium of less than \$1,000, it is unlikely that a 5 percent, or \$50 reduction in the average premium amount would provide a sufficient incentive for small employers to set-up employee assistance plans as a result of the bill.

In addition, the Department of Labor, in a current fiscal note estimate, states that implementation of the bill will have minimal impact on its resources, since premium reduction eligibility will be determined and regulated by the Commissioner of Insurance and the Employee Assistance Plan Review Commission.

The OLS concurs with the projections of both departments, but notes that although the bill does not provide the commission with expense funding or authorization to utilize existing department personnel or resources, the need for such services and financial support is likely. In particular, at the very least, the Department of

Insurance, will have to provide some degree of administrative support to the commission, which may or may not be reimbursed by State or non-State funding sources.

This fiscal note has been prepared pursuant to P.L.1980, c.67.