

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4818-01
Bill No.: SB 1067
Subject: Roads and Highways; Motor Vehicles; Transportation
Type: Original
Date: February 12, 2008

Bill Summary: This proposal exempts persons 21 years of age or older from wearing protective headgear except when operating or riding motorcycles upon interstate highways.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue, Department of Public Safety, Missouri Highway Patrol, Department of Mental Health, Department of Social Services** and the **Missouri Department of Transportation** assume that there is no fiscal impact from this proposal.

Officials from the **Department of Health and Senior Services (DHSS)** estimated that changing the helmet-use law to apply to just motorcycle riders under the age of 21 would increase the number of head-injured patients by 77 per year. Of these, it is estimated that 1 would become clients of the Head Injury Services Program of the DHSS, and that this would add \$6,483 per year in program costs. Based on the experience of previous new enrollment growth in the program, DHSS estimates that the number of patients will go up to two in the second year and three in the third year.

Oversight assumes statutes or regulations would not require the DHSS to include these individuals in its Head Injury Program.

Officials from the **Department of Social Services - Division of Medical Services (DOSS)** state the Department of Health and Senior Services estimates there will be 7 additional uninsured head-injury cases each year if the helmet law is repealed for people age 21 and over.

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the MO HealthNet program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.8% annually from 2003 to arrive at an estimate for 2009 through 2011. Therefore, the initial cost is estimated to be \$16,292 in FY2009. This inflationary factor is an average based on Healthcare Cost Review data from the fourth quarter of FY 2006.

The average annual cost for on-going medical costs is based on the first four months of FY 2008 (July 2007 through October 2007). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, in-home services, rehab/specialty and mental health services are in the

ASSUMPTION (continued)

on-going cost calculation. Pharmacy costs have been adjusted to reflect clawback payments. The on-going cost per person for one full year is \$15,732 (\$1,311 x 12 months). For 7 people the cost is \$110,124 (\$15,732 x 7 people).

FY 2009

The initial hospitalization will be \$16,292 per person ($\$16,292 \times 7 = \$114,044$).

The on-going medical costs will be \$13,110 per person for the year (10 months).
($\$13,110 \times 7$) = \$91,770.

For 1 person the total annual cost in FY'09 will be \$29,402 and for 7 people will be \$205,814 (\$75,760 GR).

FY 2010

Assuming all 7 FY 2009 injured people survive, the estimated cost for FY 2010 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the 7 new people estimated to be injured in FY '10. Costs are inflated by 5.8% annually.

FY 2009 injured people:

Initial Cost \$0 + On-going Cost \$15,732 (12 months) = \$15,732 per person

Total Annual Cost for 7 people ($\$15,732 \times 7$) x 5.8% = \$116,511.

FY 2010 injured people:

Initial Cost \$16,292 + On-going Cost (12 months) \$15,732 = \$32,024 per person

Total Annual Cost for 7 people ($\$32,024 \times 7$) x 5.8% = \$237,170.

Total FY 2009 and FY 2010 injured people: $\$116,511 + \$237,170 = \$353,681$ (\$130,190 GR).

FY 2011

Assuming all 7 FY 2009 and 7 FY 2010 injured people survive, the estimated cost for FY 2011 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the 7 new people estimated to be injured in FY 2011. Costs are inflated by 5.8% annually.

FY 2009 injured people:

Initial Cost \$0 + On-going Cost \$15,732 (12 months) = \$15,732 per person

Total Annual Cost for 7 people [$(\$15,732 \times 7) \times 5.8\%$] = \$123,269

ASSUMPTION (continued)

FY 2010 injured people:

Initial Cost \$0 + On-going Cost \$15,732 (12 months) = \$15,732 per person
 Total Annual Cost for 7 people [(((\$15,732 x 7) x 5.8%) x 5.8%) = \$123,269

FY 2011 injured people:

Initial Cost \$16,292 + On-going Cost (12 months) \$15,732 = \$32,024 per person
 Total Annual Cost for 7 people [(((\$32,024 x 7) x 5.8%) x 5.8%) = \$250,926

Total FY 2009, FY 2010 and FY 2011 injured people:

\$123,269 + \$123,269 + \$250,926 = \$497,463 (\$183,116 GR).

Oversight assumes some people 21 and over could choose not to wear protective headgear as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear exemption.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

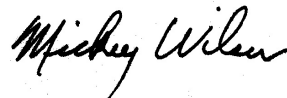
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Missouri Highway Patrol
Department of Mental Health
Department of Social Services
Missouri Department of Transportation



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Director
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