

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0394-01  
Bill No.: SB 27  
Subject: Roads and Highways; Motor Vehicles; Transportation  
Type: Original  
Date: January 12, 2009

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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**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

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

Officials at the **Department of Health and Senior Services (DHSS)** estimates 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. DHSS is unable to predict the number of patients this legislation would result in, however the average cost per patient is \$6,434 per patient, per year. Additional program participants may result in DHSS requesting additional funding for the program. Therefore this legislation is expected to result in a zero to unknown fiscal impact.

**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 - Mo HealthNet Division** state the Department of Health and Senior Services estimates there will be 47 additional head-injury cases each year and that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

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 5.92% annually from 2003 to arrive at an estimate for 2010 through 2012. Therefore, the initial cost is estimated to be \$17,374 in FY2010. This inflationary factor is an average based on Healthcare Cost Review data from the FY 2004 to FY 2009.

The average annual cost for on-going medical costs is based on the first four months of FY 2009 (July 2008 through October 2008). 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 \$17,356 (\$1,446.30 x 12 months). For 2 people the cost is \$34,712 (\$17,356 x 2 people).

FY 2010

The initial hospitalization will be \$17,374 per person ( $\$17,374 \times 2 = \$34,748$ ).

The on-going medical costs will be \$14,463 per person for the year (10 months).  
( $\$14,463 \times 2 = \$28,926$ ).

For 1 person the total annual cost in FY'10 will be \$31,837 and for 2 people will be \$63,674 (\$22,598 GR).

FY 2011

Assuming all 2 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 2 new people estimated to be injured in FY '11. Costs are inflated by 5.92% annually.

FY 2010 injured people:

Initial Cost \$0 + On-going Cost \$17,356 (12 months) = \$17,356 per person

Total Annual Cost for 2 people ( $\$17,356 \times 2$ ) x 5.92% = \$36,767.

FY 2011 injured people:

Initial Cost \$17,374 + On-going Cost (12 months) \$17,356 = \$34,730 per person

Total Annual Cost for 2 people ( $\$34,730 \times 2$ ) x 5.92% = \$73,572.

Total FY 2010 and FY 2011 injured people:  $\$36,767 + \$73,572 = \$110,339$  (\$39,159 GR).

FY 2012

Assuming all 2 FY 2010 and 2 FY 2011 injured people survive, the estimated cost for FY 2012 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 2 new people estimated to be injured in FY 2012. Costs are inflated by 5.92% annually.

FY 2010 injured people:

Initial Cost \$0 + On-going Cost \$ 17,356(12 months) = \$ 17,356 per person

Total Annual Cost for 2 people [ $(\$17,356 \times 2) \times 5.92\% \times 5.92\%$ ] = \$38,944

ASSUMPTION (continued)

FY 2011 injured people:

Initial Cost \$0 + On-going Cost \$17,356 (12 months) = \$17,356 per person  
Total Annual Cost for 2 people [(((\$17,356 x 2) x 5.92%) x 5.92%)] = \$38,944

FY 2012 injured people:

Initial Cost \$17,374 + On-going Cost (12 months) \$17,356 = \$34,730 per person  
Total Annual Cost for 2 people [(((\$34,730 x 2) x 5.92%) x 5.92%)] = \$77,927

Total FY 2010, FY 2011 and FY 2012 injured people:

\$38,944 + \$38,944 + \$77,927 = \$155,815 (\$55,299 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 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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 Public Safety  
Department of Revenue  
Missouri Highway Patrol  
Department of Mental Health  
Department of Health and Senior Services  
Missouri Department of Transportation  
Department of Social Services



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Director  
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