

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1073-03
Bill No.: Perfected SCS for SB 202
Subject: Motor Vehicles; Insurance - Automobile; Civil Procedure
Type: Original
Date: March 10, 2009

Bill Summary: Provides that operating a motorcycle, in and of itself, shall not be considered evidence of comparative negligence and prohibits claims adjusters from assigning fault to a party simply because the party was operating a motorcycle in an otherwise legal manner.

FISCAL SUMMARY

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Revenue, and Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Health and Senior Services (DOH)** estimate 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. The DOH is unable to predict the number of patients this legislation would result in, however, the average cost is \$6,434 per patient, per year. Additional program participants may result in DOH 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 DOH 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 DOH 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 FY10. This inflationary factor is an average based on Healthcare Cost Review data from the FY 04 to FY 09.

ASSUMPTION (continued)

The average annual cost for on-going medical costs is based on the first four months of FY 09 (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 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 10

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 FY10 will be \$31,837 and for 2 people will be \$63,674 (\$22,598 GR).

FY 11

Assuming all 2 FY 10 injured people survive, the estimated cost for FY 11 for these people will be a full year (12 month) of on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization costs 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 10 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 11 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 10 and FY 11 injured people: $\$36,767 + \$73,572 = \$110,339$ (\$39,159 GR).

FY 12

Assuming all 2 FY 10 and 2 FY 11 injured people survive, the estimated cost for FY 12 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 12. Costs are inflated by 5.92% annually.

ASSUMPTION (continued)

FY 10 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 11 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 12 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 10, FY 11 and FY 12 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.

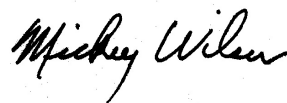
FISCAL DESCRIPTION

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

Office of Attorney General
Office of State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety -
 Missouri State Highway Patrol



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Director
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