

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1015-01
Bill No.: SB 236
Subject: Workers' Compensation
Type: Original
Date: January 27, 2017

Bill Summary: This proposal establishes a workers' compensation claims database.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Workers' Compensation Administration	(\$316,062)	(\$64,793)	(\$66,413)
Total Estimated Net Effect on Other State Funds	(\$316,062)	(\$64,793)	(\$66,413)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would have a negative fiscal impact on their organization related to the development and maintenance of a worker's compensation claims database.

DOLIR states, the Division of Workers' Compensation (DWC) would be required to develop and maintain a workers' compensation claims database that the potential employers could access via a website to view the claims filed under chapter 287. The bill allows a search to be conducted by a user who has obtained the potential employee's written consent, employee's name, and social security number. The search on the website will retrieve claims information restricted to the date of the claim and whether the claim is open or closed.

Chapter 287 does not define the term "claim." The division interprets the term "claim" to mean Claim for Compensation that is filed with the division on a division-approved form. Injuries reported to DWC are confidential pursuant to §287.380 RSMo. A Claim for Compensation may be filed against the employer and its insurer (ER/INS) and a Claim for Compensation may also be filed against the Treasurer of State of Missouri as custodian of the Second Injury Fund (SIF).

Inquiries would be made from the Web on an inquiry screen to key in the claimant's name and last four digits of the Social Security Number (SSN) which would produce a screen to show the results of the search. For purposes of determining the estimate, the DWC assumes that the "date of claim" means the date the claims was filed with the division regardless of the date of injury as the date of injury is not a retrievable field to the user. Therefore, the information provided could potentially be subject to misinterpretation and/or misuse. In addition, in order to reflect whether the case is open or closed properly, the status of the case would be sorted by claim type; i.e., claim against the ER/INS or SIF and the Open/Closed status of each claim type.

A nightly program would need to be developed to refresh the database with the daily activity from the DWC's Automated Integrated Computer System so updated claims information would be shown. The initial database would contain approximately 568,000 claim records with an annual growth of approximately 13,000 records. The division's current database covers ER/INS claims from approximately 1986 to the present and SIF claims from approximately 1989 to present. Claims from older years are entered, but not on a consistent basis.

There is likelihood that a search using a claimant's name (potential employee's name) and last four digits of the SSN may probably return multiple claims. The search would not include information relating to claimants who are assigned a unique identifier in place of a SSN. There would also be additional subsystem required to capture the applicant's consent information.

ASSUMPTION (continued)

A second database and program would be required to capture an on-line activity log for each employer, recording each inquiry, the results of each inquiry and the number of inquiries. A program would also be required to bill the employer based on the number of successful inquiries and maintain the payment status for each employer. Screens would be developed to capture the employer name and address for the employer requesting the information, employer registration and authentication, and allow an employer to change information such as a user ID and password for the on-line activity.

The estimated total cost to develop a new Web system and workers' compensation claims database is approximately \$316,062 for FY2018 based on 4,214.16 hours at \$75.00 per hour for an IT Consultant. Ongoing costs are estimated at approximately \$65,000 annually.

Oversight will show DOLIR's estimate for costs related to the development and maintenance of a workers' compensation database.

Officials at the **State Public Defender's Office (SPD)** assume this proposal could have a negative fiscal impact based on the following information.

SPD states, for the purpose of the proposed legislation, and as a result of excessive caseloads, the Office of the State Public Defender cannot assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crimes relating to accessing the workers' compensation claims database without appropriate authority - a new Class A misdemeanor. The SPD is currently providing legal representation in caseloads in excess of recognized standards.

While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Officials at the **Office of Prosecution Services** assume this proposal will not have a fiscal impact on their organization but state the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials at the **Office of Administration - General Services, Office of Administration - Information Technology System Division, Department of Corrections, Department of Public Safety - Gaming Commission, Office of Secretary of State, Joint Committee on Administrative Rules, Office of State Courts Administrator, Department of Public Safety - Director's Office, Department of Public Safety - Capitol Police, Department of Public Safety - Fire Safety Division, Department of Public Safety - Highway Patrol, Department of Public Safety - State Emergency Management Agency, and Department of Public Safety - Missouri Veterans Commission** each assume this proposal will not have a fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
WORKERS' COMPENSATION ADMINISTRATION FUND			
<u>Costs - DOLIR</u>			
IT Consultant Expenses	(\$316,062)	\$0	\$0
Ongoing IT Costs	\$0	(\$64,793)	(\$66,413)
<u>Total Costs</u>	<u>(\$316,062)</u>	<u>(\$64,793)</u>	<u>(\$66,413)</u>
ESTIMATED NET EFFECT TO WORKERS' COMPENSATION ADMINISTRATION FUND	<u>(\$316,062)</u>	<u>(\$64,793)</u>	<u>(\$66,413)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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

This act requires the Division of Workers' Compensation to develop and maintain a workers' compensation claims database that is accessible to potential employers during a pre-hire period and searchable by an employee's name and Social Security number. Employers are required to obtain written consent from the potential employee to acquire records and are barred from compelling or coercing a potential employee to provide consent or require consent as a condition of employment.

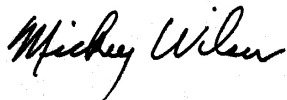
The Division shall maintain a record of claims records reviewed. Those who fraudulently access the database, compel or coerce a potential employee to provide consent or require consent as a condition of employment shall be guilty of a Class A misdemeanor.

The provisions of this act shall be fully implemented by July 1, 2018.

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 Labor and Industrial Relations
State Public Defender's Office
Office of Prosecution Services
Office of Administration - General Services
Office of Administration - Information Technology System Division
Department of Corrections
Department of Public Safety - Gaming Commission
Office of Secretary of State
Joint Committee on Administrative Rules
Office of State Courts Administrator
Department of Public Safety - Director's Office
Department of Public Safety - Capitol Police
Department of Public Safety - Fire Safety Division
Department of Public Safety - Highway Patrol
Department of Public Safety - State Emergency Management Agency
Department of Public Safety - Missouri Veterans Commission



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