

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1874-01
Bill No.: SB 415
Subject: Workers' Compensation; Fire Protection
Type: Original
Date: February 24, 2017

Bill Summary: This proposal modifies provisions relating to occupational diseases for firefighters under workers' compensation laws.

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 Administrative Fund	(\$66,825)	(\$13,699)	(\$14,041)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$66,825)	(\$13,699)	(\$14,041)

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

In response to a similar proposal from this session (HCS for HB 482), officials at the **Department of Labor and Industrial Relations (DOLIR)** assumed the proposal would have a negative fiscal impact to their organization based on the following information;

Division of Workers' Compensation

Sub-section 287.068.1 requires the Division of Workers' Compensation (DWC) to prepare a report that contains the information relating to presumed cancer claims set forth in Sub-section 287.067.6.

- (1) The Division interprets "approved" claims to mean claims that are resolved either by the issuance of an Award by an Administrative Law Judge (ALJ) after an evidentiary hearing or by the approval of a Settlement Agreement as set forth in §287.390.
- (2) The Division interprets "disapproved" claims as claims that are resolved or reflected as closed in the Division's system based upon an Order of Dismissal issued by an ALJ. It would also include claims that are denied or where benefits have *not* been awarded because the presumption has been rebutted based upon the evidence presented at the hearing.
- (3) The costs related to the claims include the benefits that have been awarded pursuant to the settlement or award. Under the Workers' Compensation Law, the benefit categories are medical, temporary total disability benefits, permanent partial or permanent total disability benefits, and/or death benefits payable to dependents.

DWC assumed they could absorb any costs relating to the creation of new correspondence types and forms, website changes, and modifications to existing forms that would be required to comply with this legislation.

Information Technology Services Division

Changes would be required to the DWC computer system to capture the additional data required to determine if each claim was for cancer was a result of a firefighter involved with hazardous duty and produce the report required in the bill. The Information Technology Services Division (ITSD) anticipated changes to fourteen programs and an estimated thirty-one individual screens would be required. ITSD estimated 891 hours at \$75 per contract hour, or \$66,825 in FY2018. Ongoing maintenance is estimated to cost approximately \$14,000 annually.

Also noted by DWC, the legal ramifications of the proposed legislation are unknown at this time and therefore, the effect of any judicial pronouncements and costs associated with this legislation would be seen in fiscal years beyond the fiscal note period.

ASSUMPTION (continued)

Officials at the **Department of Corrections**, the **Department of Public Safety - Highway Patrol**, and the **Department of Public Safety - Fire Safety Division** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials at the **City of Kansas City** assume this proposal would have a negative fiscal impact of an indeterminate amount to their organization.

Officials at the **St. Louis County** assume this proposal would not have a fiscal impact on their organization.

Department of Labor and Industrial Relations state it is difficult to show an impact to local government from this proposal because of the many variables that could affect workers' compensation premiums. A large single claim or a number of smaller claims in one municipality could cause premiums to go up, while no claims in another municipality could cause premiums to decrease and the net result would offset for local government resulting in a zero impact. Also, the risk factor which can impact workers' compensation for larger fire districts could be considered less because of a greater number of firefighters, more training and equipment, newer equipment compared to rural fire districts with fewer firefighters, less equipment and training due to less funding.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
WORKERS' COMPENSATION ADMINISTRATION FUND			
<u>Costs - DOLIR - DWC</u>			
ITSD Consultant Services	(\$66,825)	\$0	\$0
ITSD - On-going Support	<u>\$0</u>	<u>(\$13,699)</u>	<u>(\$14,041)</u>
Total Costs	<u>(\$66,825)</u>	<u>(\$13,699)</u>	<u>(\$14,041)</u>
ESTIMATED NET EFFECT ON WORKERS' COMPENSATION ADMINISTRATION FUND	<u>(\$66,825)</u>	<u>(\$13,699)</u>	<u>(\$14,041)</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 modifies provisions relating to workers' compensation for firefighters.

ELIGIBILITY OF VOLUNTEER FIREFIGHTERS

Under current law, certain diseases of the lungs and heart may be recognized as occupational diseases for the purposes of workers' compensation laws and are defined to be disability for paid firefighters. This act modifies that provision to include volunteer firefighters.

CANCER AS AN OCCUPATIONAL DISEASE FOR FIREFIGHTERS

Under this act, cancer contracted by a firefighter shall be presumed as an occupational disease under the following circumstances:

- The firefighter is a paid or volunteer firefighter who has been assigned to at least 5 years of hazardous duty as a firefighter;
- The firefighter was exposed to an agent classified by the International Agency for Research on Cancer, or its successor organization, as a group 1 or 2A carcinogen;
- Provided that twenty years have not elapsed since the firefighter was last assigned to hazardous duty as a firefighter; and
- The firefighter is not 70 years of age or older.

This presumption may be rebutted.

Compensation for cancer contracted by any firefighter in the course of hazardous duty is payable only in the event of temporary total disability, temporary partial disability, permanent total disability, or death.

This provision shall only apply to claims arising on or after August 28, 2017.

REPORTING BY THE DIVISION

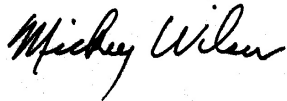
The act requires the Division of Workers' Compensation to prepare a biennial report on claims of cancer as an occupational disease. The initial report shall be made no later August 28, 2019.

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

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SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Department of Corrections
Department of Public Safety - Fire Safety Division
City of Kansas City
St. Louis County



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February 24, 2017

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February 24, 2017