

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1633-01  
Bill No.: SB 294  
Subject: Workers' Compensation  
Type: Original  
Date: February 26, 2019

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Bill Summary: This proposal creates new provisions relating to workers' compensation for firefighters.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Workers' Compensation Administration Fund (0652)	(\$66,632) to (\$66,825)	(\$13,699) to (\$80,631)	(\$14,041) to (\$81,312)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$66,632) to (\$66,825)</b>	<b>(\$13,699) to (\$80,631)</b>	<b>(\$14,041) to (\$81,312)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state:

Notwithstanding, the Division is unable to completely determine if this bill would directly affect total state revenue, because the Division does not capture data related to the cancer claims of firefighters and volunteer firefighters based on "hazardous duty" or based on factors set forth in section 287.067.6(2)(a).b, such as exposure to an agent classified by the International Agency for Research on Cancer as a group 1 or 2A carcinogen. Firefighters are typically employed by municipalities and political subdivisions, which are often self-insured through the Division.

**ITSD:**

ITSD - DOLIR						
Bill Number	SB 294		1633-01			
Bill Section(s)	287.067					
<b>Application Name:</b>	AICS			<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>IT Consultants</b>	<b>On-going Yes/No</b>	<b>Rate</b>	<b>Hours</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Requirements Gathering		75	95	7,125	-	-
Analysis		75	80	6,000	-	-
Design		75	80	6,000	-	-
Development		75	370	27,750	-	-
Test		75	120	9,000	-	-
Implementation		75	80	6,000	-	-
Project Management		75	66.00	4,950	-	-
On-going support	YES	75		-	13,699	14,041
Section Total IT Consultants:		75	891.00	66,825	13,699	14,041
<b>Other Costs:</b>		<b>Cost Per</b>	<b>Number</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Section Total Other Costs:</b>				-	-	-
<b>Section Total Expenditures:</b>				<b>66,825</b>	<b>13,699</b>	<b>14,041</b>
<b>General Revenue</b>						-
<b>Federal</b>					-	-
<b>Other</b>				<b>66,825</b>	<b>13,699</b>	<b>14,041</b>
<b>Section Funding:</b>				<b>66,825</b>	<b>13,699</b>	<b>14,041</b>

ASSUMPTION (continued)

This information is from previous analysis done for prior year's fiscal notes. ITSD received no feedback from Division of Workers' Compensation (DWC) this would materially change the system requirements, ITSD is utilizing the same work required.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed for DWC. ITSD estimates the project would take 891 hours at a contract rate of \$75 per hour for a total cost to the state of \$66,825 in FY 2020, \$13,699 in FY2021, and \$14,041 in FY2022. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the ITSD estimated cost of contracting out the work (\$66,825) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

**Division of Workers' Compensation:**

Section 287.068.1 requires the Division to prepare a report that contains information related to the presumptive cancer claims described in section 287.067.6(2). The report, in relevant part, shall track the number of "approved claims," "disapproved claims," and the "cost related to claims" set forth under section 287.067.

The Division reads "approved claims" to mean claims that are resolved by the issuance of an Award by an Administrative Law Judge (ALJ) following an evidentiary hearing or by the approval of a Settlement Agreement under section 287.390, RSMo.

The Division reads "disapproved claims" to mean claims that are resolved or shown as closed in the Division's system based on an ALJ's Order of Dismissal. This would also include denied claims and claims where benefits have not been awarded because the presumption(s) created under section 287.067 has been rebutted.

The Division reads, "cost related to claims" to include benefits awarded pursuant to an award or settlement. Under Chapter 287, this may include medical expenses, temporary total disability, temporary partial disability, permanent partial disability, permanent total disability, and death benefits.

ASSUMPTION (continued)

The Division anticipates being able to absorb any costs related to the creation of any new correspondence, forms, and website changes, as well as modifications to existing correspondence and forms, based on this proposed legislation.

Officials from the **Office of Administration (OA)** assume 287-067.1(2) and 297.067.6 - This legislation creates a new presumption for the occupational disease of cancer contracted by a paid or volunteer firefighter. This change could lead to increased defense and award costs for the state, but the amount of such increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case.

Officials from the **Department of Public Safety-Division of Fire Safety** assume the proposal modifies provisions relating to occupational diseases under workers compensation benefits for fire fighters, police officers, and other first responders.

The Division of Fire Safety estimates there to be 25,000 fire fighters in the State of Missouri. Of those, we estimate 5,000 to be full-time career fire fighters, with the remainder serving in voluntary or partly-voluntary status.

**Oversight** notes the proposal has a potential negative fiscal impact on the state. The impact is unquantifiable without knowing the increase with respect to the number of persons who will be diagnosed as having an occupational disease. Therefore, Oversight will reflect a negative unknown fiscal impact.

Officials from the **Department of Corrections, Department of Public Safety-Missouri State Highway Patrol, Missouri Consolidated Health Care Plan, and Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal will have no fiscal impact on their organization.

Officials from the **City of Columbia** expect the proposal to have an adverse fiscal impact. Many of these changes are focused on expanding workers' compensation benefits only for employees in public safety fields. Much of this is already being fought in the workers' compensation courts as the inclusions/definitions are extremely broad.

Officials from the **City of Kansas City** assume the proposal could have a negative fiscal impact of an indeterminate amount. Kansas City has the largest number of firefighters in the State of Missouri and they are all exposed to hazardous substances during the course and scope of their occupational duties. The workers' compensation costs for medical care, wage loss payments and payments for permanent partial or permanent total disability will increase substantially.

ASSUMPTION (continued)

Officials from the **Greene County Clerk, St. Louis County, Monroe County Assessor, and City of Springfield** each assume the proposal will have no fiscal impact on their organization.

**Oversight** notes the proposal has a potential negative fiscal impact on political subdivisions. The impact is unquantifiable without knowing the increase with respect to the number of persons who will be diagnosed as having an occupational disease. Therefore, Oversight will reflect a negative unknown fiscal impact.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Office of Administration Workers' Compensation Claims</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>WORKERS' COMPENSATION ADMINISTRATION FUND</b>			
<u>Cost - DOLIR - ITSD costs (ranged from contracting out programming (\$66,825 plus \$14,000 in on-going support) to hiring one additional FTE IT Specialist)</u>	(\$66,632) to <u>(\$66,825)</u>	(\$13,699) to <u>(\$80,631)</u>	(\$14,041) to <u>(\$81,312)</u>
<b>ESTIMATED NET EFFECT ON WORKERS' COMPENSATION ADMINISTRATION FUND</b>	<b>(\$66,632) to <u>(\$66,825)</u></b>	<b>(\$13,699) to <u>(\$80,631)</u></b>	<b>(\$14,041) to <u>(\$81,312)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Workers' Compensation Claims			
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

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.

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 a disability for paid firefighters. This act modifies that provision to include volunteer 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, or is classified as a cancer causing agent by a designated entity;
- 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 at the time of the diagnosis of cancer.

This presumption may be rebutted.

This provision shall only apply to claims filed on or after August 28, 2019.

FISCAL DESCRIPTION (continued)

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 than August 28, 2021.

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  
Office of Administration  
Department of Public Safety-Fire Safety  
Department of Corrections  
Department of Public Safety-Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Insurance, Financial Institutions and Professional Registration  
City of Columbia  
City of Kansas City  
Greene County Clerk  
St. Louis County  
Monroe County Assessor  
City of Springfield



Kyle Rieman  
Director  
February 26, 2019

Ross Strope  
Assistant Director  
February 26, 2019