

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3999-01
Bill No.: SB 710
Subject: Workers' Compensation
Type: Original
Date: February 3, 2020

Bill Summary: This proposal creates new provisions relating to occupational diseases diagnosed in first responders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Fund	Could exceed (\$351,316)	Could exceed (\$384,204)	Could exceed (\$388,167)
Total Estimated Net Effect on General Revenue	Could exceed (\$351,316)	Could exceed (\$384,204)	Could exceed (\$388,167)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE

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 2021	FY 2022	FY 2023
Local Government	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Attorney General's Office (AGO)** assume the proposal's definition of "first responder" captures a large number of employees of the State of Missouri such as law enforcement officers, firefighters, emergency medical personnel, dispatchers, and corrections staff among others. This would create a large population of state employees that would not need to meet a burden of proof to bring a workers' compensation claim. This provision creates a very difficult burden for the State of Missouri to defend in workers' compensation claims and could lead to a significant increase in difficult-to-defend workers' compensation claims. Therefore, Section 287.069.2 would result in an increase in worker's compensation claim and potentially increase other costs related to those additional claims. AGO assumes the need for four (4) FTE Assistant Attorneys General (each at \$55,620 annually). AGO estimates a total annual cost of approximately \$385,000.

Oversight assumes this proposal may increase the number of workers' compensation claims and also increase the workload of the AGO. Oversight does not have information to the contrary; therefore, Oversight will reflect the AGO's estimated cost.

Officials from **Department of Corrections (DOC)** assume the proposal creates new provisions relating to occupational diseases diagnosed in first responders. This legislation includes officers employed at a corrections facility under the definition of first responder. It specifies that if, preceding the date of injury or death, an employee who was employed on active duty as a first responder is diagnosed with a mental impairment and had not been diagnosed with the mental impairment previously, then the mental impairment shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment.

Passage of this legislation has the potential to create a substantial financial impact on the DOC. By including mental impairment as a potential occupationally-related disease, the occurrence of worker's compensation claims will likely increase, as well as the number of days off and modified duty days requested by affected employees. While an increase in these areas is probable, if not certain, it is not quantifiable at this time. Therefore we estimate the impact to be (\$0 to Unknown.)

Oversight does not have any information to the contrary. Therefore, Oversight will range the fiscal impact from \$0 (does not increase claims) to an "Unknown" cost (increased workers compensation claims related to occupational disease) on the fiscal note.

ASSUMPTION (continued)

Officials from **Office of Administration (OA)** assume Section 287.069 creates new definitions and presumptions for mental impairment diagnosed in first responders, and expands the definition of first responders. These changes would lead to increased defense costs and workers' compensation benefit costs for the state. The amount of such increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case

Oversight does not have any information to the contrary. Therefore, Oversight will range the fiscal impact from \$0 (does not increase claims) to an "Unknown" cost (increased workers compensation claims related to occupational disease) on the fiscal note.

Officials from the **Department of Labor and Industrial Relations, Department of Public Safety-State Emergency Management Agency, Department of Public Safety-Missouri State Highway Patrol, Department of Public Safety - Fire Safety, Department of Public Safety-Capitol Police, and the Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above agencies have each stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Springfield Police Department** and **St. Louis County Department of Justice Services** both assume the proposal will have no fiscal impact on their organization.

Oversight has not received a response from many political subdivisions. However, Oversight assumes this proposal could increase the number of workers compensation claims. Therefore, Oversight will reflect a potential \$0 to unknown amount of cost to the political subdivisions.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local law enforcement, fire protection districts, ambulance districts, and emergency responders were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Costs</u> - potential increase in workers compensation claims for occupational diseases of first responders for state agencies	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> - AGO potential increase in workers compensation claims for occupational diseases of first responders			
Salaries	(\$185,400)	(\$224,705)	(\$226,952)
Fringe Benefits	(\$99,971)	(\$120,705)	(\$121,451)
Expense & Equipment	(\$65,945)	(\$38,794)	(\$39,764)
<u>Total Cost - AGO</u>	(\$351,316)	(\$384,204)	(\$388,167)
FTE	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Could exceed</u> <u>(\$351,316)</u>	<u>Could exceed</u> <u>(\$384,204)</u>	<u>Could exceed</u> <u>(\$388,167)</u>
Estimated Net FTE Change to the General Revenue	4 FTE	4 FTE	4 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
POLITICAL SUBDIVISIONS			
<u>Costs</u> - potential increase in workers compensation claims for occupational diseases of first responders	(\$0 to <u>Unknown</u>)	(\$0 to <u>Unknown</u>)	(\$0 to <u>Unknown</u>)
ESTIMATED NET EFFECT TO THE POLITICAL SUBDIVISIONS	<u>(\$0 to</u> <u>Unknown)</u>	<u>(\$0 to</u> <u>Unknown)</u>	<u>(\$0 to</u> <u>Unknown)</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 provides that if, preceding the date of injury or death, an employee who is on active duty as a first responder is diagnosed with a mental impairment and such person was not previously diagnosed such an impairment, then the impairment shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment. This presumption may be rebutted by the employer or insurer.

Furthermore, a mental impairment shall not be considered an occupational disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer.

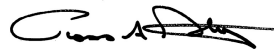
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Corrections
Office of Administration
Department of Labor and Industrial Relations
Department of Public Safety-State Emergency Management Agency
Department of Public Safety-Missouri State Highway Patrol
Department of Transportation
Springfield Police Department
Saint Louis County Department of Justice Services



Julie Morff
Director
February 3, 2020



Ross Strope
Acting Director
February 3, 2020