

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0553S.01I
 Bill No.: SB 120
 Subject: Workers Compensation
 Type: Original
 Date: January 27, 2023

Bill Summary: This proposal establishes post-traumatic stress disorder as an occupational disease.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Budget Requests for FY2023 reflects there are 1,398 FTE State Troopers in Missouri. If only 6.5% of those request PTSD treatment, and each deemed a valid case, the State of Missouri would have minimal expenses of \$105,560 (91\$1,160 – lower estimate for treatment) to \$429,884 (91*\$4,724).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Colleges & Universities	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Political Subdivisions*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Using the lower spectrum of those first responders affected with PTSD (6.5%), the potential cost for the local governments could range from \$1,885,000 (1,625*\$1,160) to \$7,676,500 (1,625*\$4,724) to the local political subdivisions.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would not have a direct fiscal impact on their organization.

Oversight notes that in response to the similar proposal, HB 1249 (2021), DOLIR elaborated on and determined that a change in coverage will not cost DOLIR/DWC more money to administer. Additionally, since the vast majority of “first responders” are public employees (not small business employees), this legislation should not have a significant impact on private businesses (regardless of whether the premiums for public employers may or may not rise).

Officials from the **Office of Administration (OA)** assume this legislation creates a provision that PTSD is recognized as an occupational disease for first responders. This change may affect the proof requirements to establish a compensable injury for first responders with workers’ compensation claims based on PTSD. The costs to the state are unknown. The amount of cost increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

Oversight notes, for illustrative purpose of this note, but excluding any proposals with data including 2020 thru 2022 due to the COVID-19, South Carolina (SC) passed a similar bill, S429 (2016). The SC General Assembly noted the “this bill would have an expenditure impact on the general fund, but an estimate could not be determined as the costs will depend upon the number of workers' compensation claims filed in a given year.” This bill is not expected to impact federal funds or other funds.” (Source:

<https://www.masc.sc/Pages/programs/solutions/insurance/RiskLetter/Fall%202021/First-Responder-PTSD-Assistance.aspx>)

Additionally, “this bill would have a local expenditure impact on municipal and county governments of \$1,950,000 to \$5,475,000 in FY 2015-16 based on estimates from the Municipal Association and counties on increased premium costs and incurred claims expenses.” (Source: https://www.scstatehouse.gov/sess121_2015-2016/prever/429_20150430.ht).

Oversight notes that the South Carolina General Assembly appropriated \$500,000 annually to the Workers Compensation Fund, since the passage of similar PTSD legislation S326 in 2016, to pay for PTSD claims for first responders. (Source: https://www.scstatehouse.gov/sess123_2019-2020/appropriations2019/tap1b.htm)

Oversight notes that the Ohio General Assembly, while passing HB 308 concerning First Responder PTSD legislation, estimated that it is possible the bill might in future years affect the state and political subdivisions’ costs and liabilities related to PTSD compensation and benefits.

The General Assembly also noted that it will need to transfer \$500,000 into a special fund maintained by OMB Office to take care of such a claims.

(Source: <https://www.legislature.ohio.gov/download?key=15338&format=pdf>;

Oversight also notes that Florida Department on Financial Services stated, in regards to fiscal analysis of a similar proposal (2018 House Bill 227 First Responders PTSD), that the proposal would likely have a significant negative impact to the state and local political subdivisions. However, the amount is indeterminate depending on variation of number of claims meeting the requirements of the proposal.

(Source: http://gencourt.state.nh.us/SofS_Archives/2018/house/SB553H.pdf).

Oversight notes that the officials from OA stated there could be a potential direct impact on State agencies but the amount of cost increase, if any, cannot be estimated.

Oversight does not have any information to the contrary. Therefore, **Oversight** will range the impact from zero impact (no future claims of PTSD) to a negative Unknown (employees will be filing PTSD claims and meet the requirement of the proposal) in the fiscal note.

\$250,000 threshold of negative impact to the General Revenue

Oversight notes the Budget Request 2023 shows there are 1,393 State Troopers in Missouri. If only 6.5% (please see the explanation for the percentage below) of those request PTSD treatment, and each deemed as a valid case, the State of Missouri would have minimal expense of \$105,560 (91*\$1160 – lower estimate for treatment) to \$429,884 (91*\$4724).

Oversight notes that the above estimates are based on lowest possible percentage of such cases filed within the first responders sub-group, therefore, the expense could reach greater amount of expense in the future years.

Officials from the **Office of Administration – Administrative Hearing Commission**, the **Department of Public Safety – (the Director’s Office, the Capital Police, the Fire Safety, the State Emergency Management Agency, the Missouri National Guard, the Highway Patrol, the Veterans Commission)**, the **Department of Social Services**, the **Missouri Department of Transportation**, the **Department of Mental Health**, the **Department of Social Services** each assume the proposal will not have a direct fiscal impact on their respective organizations. Officials from the above organizations assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Missouri University of System** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact for UM in the fiscal note.

Officials from the **City of Kansas City** assume this legislation this legislation could have a large negative fiscal impact on Kansas City in an indeterminate amount.

Officials from the **City of Springfield** assume the proposal would have a direct fiscal impact on their organization and the City of Springfield estimates a negative fiscal impact of \$500,000 per year from this bill based on estimated increased claims.

Officials from the **Saint Joseph Police Department** assume the proposal will have a potential negative fiscal impact to the City due to work comp claims regarding occupational-related PTSD, as well as loss of staffing which may require overtime

Oversight notes that for purpose of this note “first responders” defined in RSMo 67.145.2 as “emergency first responders, police officers, sheriffs, deputy sheriffs, firefighters, ambulance attendants and attendant drivers, emergency medical technicians, mobile emergency medical technicians, emergency medical technician-paramedics, registered nurses, or physicians.”

Oversight notes that according to the U.S National Library of Medicine – National Institute of Health, the rates of PTSD among firefighters appear elevated, with point prevalence estimates ranging from 6.5% to 30%. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5825264/>)

Oversight estimates there to be around 25,000 fire fighters, police officers, EMTs and Paramedics in the State of Missouri according the Bureau of Labor Statistics 2020.

Oversight notes that if only 6.5 % of the above group are diagnosed with PTSD it would represent 1,625 first responders with PTSD.

A study by Rand Company found that the annual cost ranges from about \$1,160 to \$4,724 per person (though this data is from 2008, Tanielian says there is little reason to think that these numbers would have changed significantly). <https://www.marketwatch.com/story/what-ptsd-costs-families-2014-04-04>

Additionally, the total annual cost for health care for a veteran who had PTSD was estimated to be \$11,342, which was more than double the annual VA health care cost of a veteran without PTSD; 73.1% of health care costs for veterans who had PTSD was for non-mental health services ([Watkins et al., 2011](#)). <https://www.ncbi.nlm.nih.gov/books/NBK224872/>

Oversight notes that above estimated amount indicates the total price is a partially mental health and partially non-mental health services. The actual cost for only mental health service is as follows:

	Total PTSD expense per person	\$	11,342
-	Non-mental health services (73.1%)	\$	8,291
=	Mental health services cost only	\$	3,051

Oversight notes, that for purpose of this fiscal note, the Oversight will estimate the cost using the RAND study.

Oversight notes that using the lower spectrum of those affected with PTSD (6.5%), within the first responder sub group (firefighters) could potentially require additional cost ranging from \$1,885,000 (1,625*\$1,160) to \$7,676,500 (1,625*\$4,724) to the local political subdivisions.

Oversight notes the City of Kansas City, the City of Springfield, and the Saint Joseph Police Department each assume the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a range the impact from \$0 (no cases of PTSD are diagnosed) to a negative unknown (the employees are diagnosed with PTSD) in the fiscal note.

Officials from the **Kansas City Police Department**, the **Saint Louis County Police**, and the **Phelps County Sheriff Department** both assume the proposal would not have a direct fiscal impact on their respective organization.

Oversight notes above local police departments assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for those agencies.

Rule Promulgation

In response to the similar proposal, HB 1640 – 2022, officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to the similar proposal, HB 1640 – 2022, officials from the **Office of the Secretary of State (SOS)** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost - payments to treat PTSD cases (p. 5-6)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
NET ESTIMATED EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
OTHER STATE FUND			
<u>Colleges & Universities (p.5,6)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
NET ESTIMATED EFFECT ON THE OTHER STATE FUNDS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISION			
<u>Cost – payments to treat PTSD cases (p. - 6)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
NET ESTIMATED EFFECT ON LOCAL POLITICAL SUBDIVISION	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

This proposal would not fiscally impact small businesses.

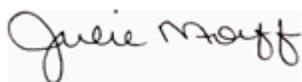
FISCAL DESCRIPTION

This act establishes post-traumatic stress disorder (PTSD), as described in the Diagnostic and Statistical Manual of Mental Health Disorders, Fifth Edition, (DSM-5) as a compensable occupational disease under workers' compensation when diagnosed in first responders. A first responder shall not require a physical injury in order to be eligible for benefits, but preexisting PTSD is not compensable. The time for notice of injury or death in cases of compensable PTSD is measured from exposure to one of the qualifying stressors listed in the DSM-5 criteria, or the diagnosis of the disorder, whichever is later. Any claim for compensation for an injury shall be properly noticed to the Division of Workers' Compensation within 52 weeks after the qualifying exposure, or the diagnosis of the disorder, whichever is later.

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
Office of Administration – Administrative Hearing Commission
Department of Public Safety
Missouri Department of Transportation Storage Tank Insurance Fund
Department of Mental Health
Department of Health and Senior Services
Missouri Department of Transportation
Missouri University System
City of Kansas City
City of Springfield
Phelps County Sheriff Department
Kansas City Police Department
Saint Louis County Police
Saint Joseph Police Department



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