

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4869S.02I  
 Bill No.: SB 865  
 Subject: Workers' Compensation  
 Type: Original  
 Date: February 10, 2026

Bill Summary: This proposal modifies provisions relating to Workers' Compensation.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*Oversight notes that OA assume §280.020.3(1) could potentially increase the State liability due to the changes to the definition of injury by removing prevailing factor language.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Workers Compensation Fund* (1652)	Up to (\$3,339,106)	Up to (\$3,925,876)	Up to (\$3,997,205)
Missouri State Road Fund** (1320)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Colleges and Universities**	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>Could exceed (\$3,339,106)</b>	<b>Could Exceed (\$3,925,876)</b>	<b>Could exceed (\$3,997,205)</b>

\*Oversight notes the cost includes 22 estimated FTE for DOLIR due to §287.485.

\*\*Increased liability due to the changes to the definition of injury by removing prevailing factor language.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Worker's Compensation Fund (1652)	22 FTE	22 FTE	22 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>22 FTE</b>	<b>22 FTE</b>	<b>22 FTE</b>

- 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 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 (Unknown)</b>	<b>\$0 (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§287.020, 287.043, 287.067, 287.120, 287.140, and 287.485 - Workers Compensation

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposed legislation lowers the standard for determining if an injury is compensable under the Workers' Compensation law and undoes many aspects of SB 1 & 130 (2005). Doing so will likely result in an increase in the number of compensable injuries which in turn will likely increase liability of employers/insurers ultimately likely resulting in higher workers' compensation insurance rates and premiums of an undetermined amount. The likely increase in potentially compensable injuries due to a lower standard will likely result in an increase of disputed injuries resulting in the need for additional Administrative Law Judges. The additional language proposed in §287.485 will require additional work on behalf of Division Docket Clerk staff and Administrative Law Judges in order to determine in advance of setting a hearing when the Maximum Medical Improvement date was and whether it has been one year prior to them requesting a hearing. It will likely cause delays for all parties in resolving cases. The Division anticipates needing to hire up to an additional 14 Administrative Law Judges up to the statutory maximum of 40 and up to eight Docket Clerks.

The Labor and Industrial Relations Commission (LIRC) also states a possible but unknown impact as it relates to Division of Workers' Compensation's proposed impact of increased disputed injuries and the appeals that may result from those disputed cases.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by DOLIR to the Workforce Compensation Fund (up to 22 FTEs, 14 Administration Law Judges at \$149,539, and 8 Docket Clerk at \$38,880 annually) in the fiscal note.

Officials from the **Department of Corrections (DOC)** defer to the DOLIR for the potential fiscal impact of this proposal.

Officials from the **Office of Administration (OA)** note:

§280.020.3 (1) This bill proposes changes to the definition of injury by removing prevailing factor language throughout the statute that says an accident must be the prevailing factor causing the medical condition and disability and replacing it with the requirement that "employment is a substantial factor in causing the injury". This could increase the scope of the States liability. Potential cost increase cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

§287.140.14 This bill proposes removal of this section entirely which outlines that employers may allow or require employees to utilize accumulated personal leave to attend medical treatment or evaluations on work time. This could increase the States' liability if it's not clearly outlined in the statute that time taken to attend to medical appointments is not covered by indemnity benefits under workers compensation. Potential cost increase cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

**Oversight** notes that OA assume §280.020.3(1) could potentially increase the State liability. Oversight assumes the general revenue as well as other funds could potentially be impacted. Therefore, Oversight will range the impact from \$0 (no change of the claims against the fund) or negative unknown (employees do not meet the lesser thresholds and/or the claims are paid by the primary insurer).

Officials from the **Department of Public Safety – Veterans Commission, Department of Natural Resources, Department of Mental Health, and Department of Health and Senior Services** defer to the OA for the potential fiscal impact of this proposal.

Officials from the **Department of Social Services (DSS)** assume under §287.140.14, the employer can compel the employee to use any of their accumulated paid leave time to attend medical treatment, physical rehabilitation, etc. during work times and is reflected as such in DSS policy. With the absence of this provision and no further clarification on leave usage, the agency may be subject to bear the costs of the absences for the many workers' compensation injuries that occur throughout DSS each fiscal year, most likely in the form of administrative leave with pay. Based on this information, the impact to DSS is "unknown."

Upon further inquiry, **DSS** noted that the funds would be specific to the individual FTE and would match that FTE's fund.

**Oversight** does not have any information to the contrary. Therefore, Oversight will range the impact from a zero (DSS and other state agencies do provide employee with leave of absence with pay) or unknown cost (DSS and other agencies are required to provide employee with leave of absence with pay) impact in the fiscal note.

Officials from the **Missouri Department of Transportation (MODOT)** assume this bill modifies Missouri's workers' compensation laws by broadening eligibility criteria, including changing the standard for compensable injuries from "prevailing factor" to "substantial factor," and expanding coverage for repetitive motion injuries and occupational diseases. It is difficult to quantify what the negative impact to the State Road Fund would be but could potentially be up to a 10% increase in claims due to increased filings and decreased denials. Based on an average year's claims, this would be up to \$1,500,000 annually.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an unknown cost to the Missouri State Road Fund (1320) in the fiscal note for this agency.

Officials from the **Department of Public Safety – Highway Patrol** defer to the MODOT for the potential fiscal impact of this proposal.

Officials from the **Department of Commerce and Insurance, Department of Corrections, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education and Workforce Development, Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission, Office of the Director, State Emergency Management Agency), Department of Revenue, Department of Social Services, Joint Committee on Administrative Rules, Joint Committee on Legislative Research (Legislative Research and Oversight Division), Missouri Consolidated Health Care Plan, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Ethics Commission, Missouri House of Representatives, Missouri Lottery Commission, Missouri National Guard, Missouri Senate, Missouri State Employee's Retirement System, Office of Administration (Administrative Hearing Commission), Office of the Governor, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender, Office of the State Treasurer and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

**Oversight** notes that the above mentioned agencies have 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.

Officials from the **Northwest Missouri State University** and **University of Central Missouri** both assume the proposals will not have a direct fiscal impact on their respective organizations.

Officials from the **Missouri University System (MU)** assume the bill creates potential for fiscal costs by establishing a new source of potential liability, but it is not possible to estimate the amount of such costs with any certainty.

Officials from the **City of Kansas City** assume this legislation could have a positive fiscal impact on the City of Kansas City, Missouri.

**Oversight** assumes the overall language in this proposal decreases the threshold for a claim to qualify for a workers compensation claim and additionally allows for claims to be paid primarily by the respective insurer. Therefore, Oversight will range the impact from zero (the worker did not prevail) or an unknown cost (the worker prevails his or her claim under the legislation) to the colleges, universities, and local political subdivisions.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – OA (§280.020.3 (1) Prevailing factor change p.3-4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – DSS and Other State Agencies (§287.140.14) leave of absence not being used p.4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>
<b>WORKER’S COMPENSATION FUND (1652)</b>			
<u>Cost – DOLIR (§290.400-460) p.3</u>	Up to...	Up to...	Up to...
Personal service	(\$2,003,817)	(\$2,452,672)	(\$2,501,725)
Fringe benefits	(\$1,105,429)	(\$1,345,857)	(\$1,365,586)
Equipment and expense	(\$229,860)	(\$127,347)	(\$129,894)
<u>Total Costs - DOLIR</u>	<u>(\$3,339,106)</u>	<u>(\$3,925,876)</u>	<u>(\$3,997,205)</u>
FTE Change – DOLIR	22 FTE	22 FTE	22 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>ESTIMATED NET EFFECT ON WORKER’S COMPENSATION FUND</b>	<b>Up to <u>(\$3,339,106)</u></b>	<b>Up to <u>(\$3,925,876)</u></b>	<b>Up to <u>(\$3,997,205)</u></b>
Estimated Net FTE Change on Workers’ Compensation Fund	Up to 22 FTE	Up to 22 FTE	Up to 22 FTE
<b>OTHER STATE FUNDS</b>			
<u>Cost – OA (§280.020.3 (1) Prevailing factor change p.3-4</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<u>Cost – DSS and Other State Agencies (§287.140.14) leave of absence not being used p.4</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>NET EFFECT ON THE OTHER STATE FUNDS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<b>MISSOURI STATE ROAD FUND (1320)</b>			
<u>Cost – MODOT (§280.020.3 (1) Prevailing factor change p.4-5</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>NET EFFECT ON THE MISSOURI STATE ROAD FUND</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<b>COLLEGES AND UNIVERSITIES</b>			
<u>Cost – OA (§280.020.3 (1) Prevailing factor change p.5-6</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>NET EFFECT ON THE COLLEGES AND UNIVERSITIES</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – (§280.020.3(1)) Prevailing factor change p.4-5</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

The businesses would be impacted by this proposal in that repealing the "prevailing factor" standards. Specifically, an occupational disease is compensable if it is clearly work related and meets the requirements of an injury which is compensable under workers' compensation and liability must be paid "under this legislation" by the employer's insurer in determining the workers' compensation benefits.

FISCAL DESCRIPTION

This act modifies provisions relating to workers' compensation

The term "accident" is modified to mean an unexpected or unforeseen identifiable event or series of events happening suddenly and violently, with or without human fault, and producing at the time objective symptoms of an injury. An injury is compensable if it is clearly work related. An injury is clearly work related if work was a substantial factor in the cause of the resulting medical condition or disability. An injury is not compensable merely because work was a triggering or precipitating factor.

The term "injury" is modified by repealing the "prevailing factor" standard. Moreover, an injury is deemed to have arisen out of and in the course of employment only if it meets the following:

- It is reasonably apparent, upon consideration of all the circumstances, that the employment is a substantial factor in causing the injury; and
- It can be seen to have followed as a natural incident of the work; and
- It can be fairly traced to the employment as a proximate cause; and

- It does not come from a hazard or risk unrelated to the employment to which workers would have been equally exposed outside of and unrelated to the employment in normal nonemployment life.

Similarly, the act modifies provisions governing the compensability of occupational diseases by repealing the "prevailing factor" standard. Specifically, an occupational disease is compensable if it is clearly work related and meets the requirements of an injury which is compensable under workers' compensation law. An occupational disease is not compensable merely because work was a triggering or precipitating factor.

Additionally, an occupational disease due to repetitive motion is compensable if the occupational exposure was a substantial factor in causing both the resulting medical condition and disability. If the exposure to the repetitive motion which is found to be the cause of the injury is for a period of less than three months and the evidence demonstrates that the exposure to the repetitive motion with the immediate prior employer was a substantial contributing factor in causing the injury, the prior employer shall be liable for such occupational disease.

The act provides that where an employee's participation in a recreational activity or program is the proximate cause, rather than prevailing cause of the injury, benefits or compensation otherwise payable for death or disability shall be forfeited regardless that the employer may have promoted, sponsored or supported the recreational activity or program, expressly or impliedly, in whole or in part.

The act repeals various provisions that abrogated past court decisions with respect to the interpretation of the following terms and phrases: "accident", "occupational disease", "arising out of", "in the course of the employment", and "owner". The interpretation of such terms prior to August 28, 2005, is reinstated and any case law that is inconsistent with such interpretations is abrogated. Additionally, the extension of the premises doctrine as it existed prior to August 28, 2005, is reinstated for liability for accidents that occur on property not owned or controlled by the employer even if the accident occurs on customary, approved, permitted, usual or accepted routes used by the employee to get to and from their place of employment.

The act additionally creates a new provision establishing a right to final hearing following a determination by a physician that an employee has reached maximum medical improvement. Such hearing may only be requested one year after the determination of maximum medical improvement has been made. Either the employee or the employer may request the hearing and the hearing shall be set within six months after when the request is made and not to be continued, cancelled, or reset without consent of both the employee and 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

Department of Commerce and Insurance  
Department of Corrections

Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education and Workforce Development  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    Missouri Veterans Commission  
    Office of the Director  
    State Emergency Management Agency  
Department of Revenue  
Department of Social Services  
Joint Committee on Administrative Rules  
Joint Committee on Legislative Research  
    Legislative Research  
    Oversight Division  
Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri Ethics Commission  
Missouri House of Representatives  
Missouri Lottery Commission  
Missouri National Guard  
Missouri Senate  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
    Administrative Hearing Commission  
    Commissioner's Office  
Office of the Governor  
Office of the Secretary of State  
Office of the State Auditor  
Office of the State Public Defender  
Office of the State Treasurer  
State Tax Commission  
Northwest Missouri State University  
University of Central Missouri

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Missouri University System  
City of Kansas City



Julie Morff  
Director  
February 10, 2026



Jessica Harris  
Assistant Director  
February 10, 2026