

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0127-01  
Bill No.: HB 114  
Subject: Motor Vehicles; Roads and Highways  
Type: Original  
Date: March 24, 2011

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Bill Summary: This proposal requires only persons younger than 21 years of age to wear protective headgear when operating or riding as a passenger on any motorcycle or motortricycle.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Transportation** and the **Department of Public Safety - Missouri Highway Patrol** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Revenue (DOR)** state their response to a proposal similar to, or identical to, this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within DOR's motor vehicle legacy systems, changes cannot be made without significant impact to the Department's resources and budget. Therefore, DOR assumes roughly \$2,480 in expenses to modify web site information, modify the Missouri Driver manual, and to modify the Missouri Motorcycle manual and other printed material related to motorcycle operation and use of protective headgear.

**Oversight** assumes DOR could absorb this additional workload within its current budget.

Officials from the **Department of Social Services (DOSS)** state the cost for medical services for serious injuries involving un-helmeted motorcyclists multiplies annually. An injured person who is temporarily or permanently disabled from an un-helmeted crash, as well as those who eventually recover may incur ongoing medical expenses beyond the three years displayed in the fiscal summary.

DOSS state that officials from the Department of Health and Senior Services (DHSS) and the Department of Mental Health (DMH) stated that their response includes costs that are covered under their respective budgets. Therefore, only those medical costs that are in the Department of Social Services (DOSS) budget are reported here.

The DHSS estimates there will be 70 additional head-injury cases each year if the helmet law is repealed for people age 21 and over. It is estimated that 5 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the MO HealthNet

ASSUMPTION (continued)

program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.55% annually from 2003 to arrive at an estimate for 2012 through 2014. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY03 through FY10. Therefore, the initial cost is estimated to be \$18,888 in FY12.

The average annual cost for on-going medical costs is based on the first three months of FY11 (July 2010 through September 2010). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, home health and rehab/specialty services are in the on-going cost calculation. Pharmacy costs have been adjusted to reflect clawback payments. The on-going cost per person for one full year is \$12,396 (\$1,033 x 12 months).

FY12

Assume five un-helmeted individuals will be injured due to a motorcycle accident and be eligible or become eligible for MO HealthNet services. The initial hospitalization will be \$18,888 per person ( $\$18,888 \times 5 = \$94,440$ ). The on-going medical costs will be \$12,396 per person for the year. Total annual cost to MHD is \$156,420. For fiscal note purposes, assume a 10-month cost of \$146,090 (\$53,630 GR).

FY13

Assuming all five FY12 injured people survive, the estimated cost for FY13 for these people will be a full year (12 month) on-going medical costs but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the five new individuals estimated to be injured in FY13. Costs are inflated by 5.55% annually. Total cost is \$230,520 (\$84,624 GR).

FY14

Assuming all five FY12 and all five FY13 injured people survive, the estimated cost for FY14 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the five new people estimated to be injured in FY 14. Costs are inflated by 5.55% annually. Total cost \$312,360 (\$114,667 GR).

ASSUMPTION (continued)

Officials from the **Department of Mental Health (DMH)** state this legislation changes existing language under Section 302.020 to require only persons younger than 21 years of age to wear protective headgear when operating or riding as a passenger on any motorcycle or motortricycle upon any highway in this state. Since individuals who are 22 years of age or younger may be eligible for the Division of Developmental Disabilities (DD) services due to a head injury, and since the capping requirement on this bill is for persons younger than 21 years of age, there is a window of eligibility from age 21 to 22 that will exist for a potential increase in DD services. The amount of impact is an unknown cost, since the number of individuals that may fall under such a window of eligibility is currently unknown.

Officials from the **Department of Health and Senior Services (DHSS)** estimate that changing the helmet-use law to apply to just motorcycle riders under the age of 21 would increase the number of head-injured patients. DHSS is unable to predict the number of patients this legislation would result in; however, the average cost per patient is \$7,500, per year. Participation in the program is subject to available funding and without additional funding the potential new clients will likely be added to a waiting list. Currently, there are over 280 Missourians on the Adult Head Injury Program waitlist, with a wait time of over 2 years before paid rehabilitation services are started. Additional program participants may result in DHSS requesting additional funding for the program. Therefore this legislation is expected to result in a zero to unknown fiscal impact.

**Oversight** assumes some people 21 and over could choose not to wear protective headgear as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear exemption.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<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.

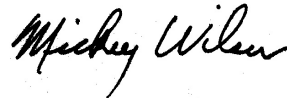
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 Transportation  
Department of Revenue  
Office of the State Courts Administrator  
Department of Public Safety  
Department of Social Services  
Department of Mental Health  
Department of Health and Senior Services



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Director  
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