

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5094-01
Bill No.: HB 1777
Subject: Employees - Employers; Health Care; Labor and Industrial Relations Department;
Workers Compensation
Type: Original
Date: February 24, 2014

Bill Summary: This proposal would allow an employee who is injured on the job to select his or her own health care provider to cure and relieve the effects of the injury at the expense of the employer.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Other	(Unknown)	(Unknown)	(Unknown)
Second Injury	Unknown	Unknown	Unknown
Workers' Compensation Administration	Unknown	Unknown	Unknown
Colleges and Universities	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Other *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0	\$0	\$0

* Net of additional costs and revenue.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of General Services** assume this proposal has the potential to increase costs to the state's workers' compensation program.

Officials from the **University of Central Missouri** assume this proposal would not have a direct fiscal impact on their organization since their workers' compensation cases are administered by the state.

Officials from **Missouri State University** assume this proposal would result in significant costs and losses to their organization.

Officials from the **University of Missouri** assume this proposal would have a significant fiscal impact on their organization, and the cost could easily exceed \$100,000 per year.

Officials from **Cole County** assume this proposal has the potential to have a negative fiscal impact on their organization, which cannot be determined at this time.

Officials from **St. Louis County** stated their organization uses a specific network of physicians and treatment providers which provides access to discounted rates. By allowing employees to choose their own provider, the County estimates that it could see costs increase by 20% per year. Based on current spending, this proposed legislation could cost St. Louis County an additional \$150,000 annually.

Officials from the **City of Kansas City** and the **Board of Police Commissioners of Kansas City, Missouri** assume this proposal would lead to significant additional costs for employers.

Officials from **Francis Howell School District** assume this proposal would lead to an increase in the cost of providing medical care for injured workers.

Officials from **Fulton Public Schools** stated they were not able to estimate the budget effects of this proposal.

Officials from the **Special School District of St. Louis County** assume this proposal would result in an increase in medical expense for their organization.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules**, the **Department of Insurance, Financial Institutions, and Professional Registration**, the **Department of Labor and Industrial Relations**, **Linn State Technical College**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections** assume this proposal would have no fiscal impact their organizations.

Oversight assumes allowing workers the option to choose their own health care provider for a work-related injury would increase employer costs. Oversight has no information as to the relative costs of medical care among providers and will include a negative unknown additional cost for the care of state employees in the state General Revenue Fund, other state funds, and colleges and universities. Oversight assumes local governments would also have increased costs in their workers' compensation programs and will include those costs in this fiscal note.

Oversight assumes this proposal would result in additional costs for state programs with federal funding and assumes those additional costs would be offset by additional federal funding. Oversight will include the additional costs and revenue in this fiscal note.

Oversight notes that revenues for the Workers Compensation Administration Fund and the Second Injury Fund are based on surcharges on premiums on workers' compensation insurance premiums and the costs of employer paid workers' compensation programs. Although the amount and timing of the cost increases resulting from this proposal are uncertain, the increased costs for workers' compensation insurance premiums and employer paid programs would result in increased revenues to these funds. Oversight will include unknown additional revenues for those funds in this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Cost - OA</u> Additional medical cost in workers' compensation cases Section 287.140	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SECOND INJURY FUND			
<u>Revenue - DOLIR</u> Surcharges on workers' compensation program costs Section 287.140	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
WORKERS' COMPENSATION ADMINISTRATION FUND			
<u>Revenue - DOLIR</u> Surcharges on workers' compensation program costs Section 287.140	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON WORKERS' COMPENSATION ADMINISTRATION FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
OTHER STATE FUNDS			
<u>Cost - OA</u>			
Additional medical cost in workers' compensation cases			
Section 287.140	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
COLLEGES AND UNIVERSITIES			
<u>Cost - Colleges and universities</u>			
Additional medical cost in workers' compensation cases			
Section 287.140	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
OTHER FEDERAL FUNDS			
<u>Additional revenues - OA</u>			
Funding for additional costs in workers' compensation cases.			
Section 287.140	Unknown	Unknown	Unknown
<u>Cost - OA</u>			
Additional medical cost in workers' compensation cases			
Section 287.140	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Cost - Local governments</u> Additional medical cost in workers' compensation cases Section 287.140	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses through additional costs for workers' compensation programs.

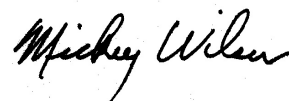
FISCAL DESCRIPTION

This proposal would allow an employee who is injured on the job to select his or her own health care provider to cure and relieve the effects of the injury at the expense of 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

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of General Services
Department of Insurance, Financial Institutions, and Professional Registration
Department of Labor and Industrial Relations
Linn State Technical College
Missouri State University
University of Central Missouri
University of Missouri
Cole County
St. Louis County
City of Kansas City
Board of Police Commissioners of the Kansas City, Missouri
Francis Howell School District
Fulton Public Schools
Special School District of St. Louis County
Platte County Board of Elections
St. Louis County Directors of Elections



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February 24, 2014

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