

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5853-02
Bill No.: HCS for HB 1734
Subject: Workers' Compensation; Labor and Management
Type: Original
Date: April 28, 2014

Bill Summary: This proposal would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

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

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 287.980, RSMo. - Workers' Compensation Claims Database:

The proposed language in this section would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database that the public can access on the Division's website.

An employer would be required to obtain voluntary written consent from a potential employee to access the database. The Division would be required to provide a notice to employers that certain usage of the information may be unlawful under federal and state law, and the employer would be required to acknowledge that he read and understood the warning.

A person who fraudulently accesses the database, compels or coerces a potential employee to provide written consent to acquire claims records, or requires such consent as a condition of employment would be guilty of a class A misdemeanor.

In response to similar provisions in SB 526 LR 4280-02, officials from the **Department of Labor and Industrial Relations (DOLIR)** assumed inquiries would be made from the web on an inquiry screen to key in the claimant's name and last 4 digits of the claimant's social security number (SSN) rather than the entire SSN, which would produce a screen to show the results of the search. Department officials also assume the "date of claim" would mean the claim filed date with the Division of Workers' Compensation (Division) regardless of the date of the injury. Since the date of the injury is not a retrievable field to the user, the information provided could potentially be subject to misinterpretation and/or misuse.

Results would be sorted by claim type; i.e. whether the claim was made against the employer's insurance or against the Second Injury Fund (SIF), and the results would indicate whether the claim is open or closed.

A nightly program would need to be developed to refresh the database with daily activity from the Division's computer system so updated claims information would be shown. The initial database would contain approximately 568,000 claim records with expected annual growth of approximately 13,000 records. The Division's current database covers employer insurance claims from 1986 to date and SIF claims from 1989 to date. Some claims from older years are entered, but not on a consistent basis.

ASSUMPTION (continued)

DOLIR officials assumed it is likely that a search using a claimant's name (potential employee's name) and the last 4 digits of the claimant's SSN would return information on multiple claims. The search would not include information relating to claimants who are assigned a unique identifier in place of a SSN.

Additional screens would be required to capture the name and address of the employer requesting the information and to provide an employer registration process including a program to authenticate the employer registration process. A database and program would be required to capture the employer registration including the ability for an employer to change information such as the password used for on-line activity.

An additional database and program would be required to capture and log on-line activity for each employer, including the date of each inquiry, the results of each inquiry, and the number of inquiries. An additional program would be required to bill the employer based on the number of successful inquiries and to maintain the payment status of each employer.

DOLIR officials noted there would be an additional screen required to record the employee's consent.

IT impact

DOLIR officials provided an estimate of the total IT cost to develop the new web system and databases of \$82,691.

In response to a previous version of this proposal, officials from the **Office of Administration, Information Technology Services Division (OA-ITSD)** provided an estimate of \$57,911 for employees' salary costs related to this proposal; with employee benefits, the OA-ITSD estimate totaled \$87,449.

Oversight notes the additional notice and acknowledgment provisions in this proposal would indicate some additional cost to develop the system, but assumes the additional cost would be minimal.

ASSUMPTION (continued)

Oversight assumes OA - ITSD is provided with core funding to handle a certain amount of activity each year. Oversight also assumes OA-ITSD could absorb the costs related to the current version of this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD could request funding through the appropriation process.

Administrative impact

In response to similar provisions in SB 526 LR 4280-02, officials from the **Department of Labor and Industrial Relations** stated they are not able to determine whether the Department's fraud and noncompliance staff would need additional personnel to deal with the new responsibilities imposed by a previous version of this proposal.

Oversight assumes the Department would not require additional staff to implement this proposal; if unanticipated additional work is required or if multiple proposals are implemented which increase the Department's workload, resources could be requested through the budget process.

Bill as a whole responses

Officials from **Office of Prosecution Services** assume this proposal would have no measurable impact to their organization.

Officials from the **Missouri Highway Patrol** deferred to the Department of Transportation Risk Management Section for an estimate of potential fiscal impact of similar provisions in SB 526 LR 4280-02.

Officials from the **Office of State Courts Administrator** assume the proposal would not have an impact in excess of \$100,000.

Officials from the **Office of the Attorney General** assume that any potential costs arising from a previous version of this proposal could be absorbed with existing resources.

Officials from the **Department of Corrections** assumed a previous version of this proposal could potentially have a minimal fiscal impact on their organization.

ASSUMPTION (continued)

Officials from the **Office of the State Public Defender (SPD)** provided the following response.

For the purpose of the proposed legislation, and as a result of excessive caseloads, the SPD cannot assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of fraudulently accessing the Division of Worker's Compensation Claims database, a proposed new Class A Misdemeanor. SPD officials stated their organization is currently providing legal representation in caseloads in excess of recognized standards.

SPD officials also stated while the number of new cases may be too few or uncertain to request additional funding for this specific bill, SPD will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Office of Administration - General Services Division**, the **Department of Public Safety - Division of Fire Safety, Capitol Police, Missouri Veterans Commission, Division of Alcohol and Tobacco Control**, and **State Emergency Management Agency** assumed similar provisions in SB 526 LR 4280-01 would have no fiscal impact on their organizations.

Oversight assumes this proposal would have no fiscal impact on the state or on local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which are subject to the workers' compensation law.

FISCAL DESCRIPTION

The proposed language in this section would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database that the public can access on the Division's website.

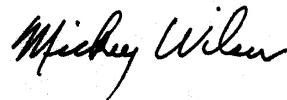
An employer would be required to obtain voluntary written consent from a potential employee to access the database. The Division would be required to provide a notice to employers that certain usage of the information may be unlawful under federal and state law, and the employer would be required to acknowledge that he read and understood the warning.

A person who fraudulently accesses the database, compels or coerces a potential employee to provide written consent to acquire claims records, or requires such consent as a condition of employment would be guilty of a class A misdemeanor.

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 State Courts Administrator
Office of the Secretary of State
Office of the Attorney General
Joint Committee on Administrative Rules
Office of Administration
 General Services Division
 Information Technology Services Division
Department of Corrections
Department of Labor and Industrial Relations
Department of Public Safety
 Division of Fire Safety
 Capitol Police
 Missouri Veterans Commission
 Division of Alcohol and Tobacco Control
 State Emergency Management Agency
 Missouri National Guard
 Missouri Highway Patrol
Department of Transportation
Office of Prosecution Services
Office of the State Public Defender



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