

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1117-02
Bill No.: HCS for HB 482
Subject: Fire Protection; Workers' Compensation
Type: Original
Date: February 20, 2017

Bill Summary: This proposal changes the law regarding workers' compensation for firefighters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Workers' Compensation Administration Fund	(\$66,825)	(\$13,699)	(\$14,041)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$66,825)	(\$13,699)	(\$14,041)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version of this proposal (1117-01), officials at the **Department of Labor and Industrial Relations (DOLIR)** assumed the proposal would have a negative fiscal impact to their organization based on the following information;

Division of Workers' Compensation

Sub-section 287.068.1 requires the Division of Workers' Compensation (DWC) to prepare a report that contains the information relating to presumed cancer claims set forth in Sub-section 287.067.6.

- (1) The Division interprets "approved" claims to mean claims that are resolved either by the issuance of an Award by an Administrative Law Judge (ALJ) after an evidentiary hearing or by the approval of a Settlement Agreement as set forth in §287.390.
- (2) The Division interprets "disapproved" claims as claims that are resolved or reflected as closed in the Division's system based upon an Order of Dismissal issued by an ALJ. It would also include claims that are denied or where benefits have *not* been awarded because the presumption has been rebutted based upon the evidence presented at the hearing.
- (3) The costs related to the claims include the benefits that have been awarded pursuant to the settlement or award. Under the Workers' Compensation Law, the benefit categories are medical, temporary total disability benefits, permanent partial or permanent total disability benefits, and/or death benefits payable to dependents.

DWC assumed they could absorb any costs relating to the creation of new correspondence types and forms, website changes, and modifications to existing forms that would be required to comply with this legislation.

Information Technology Services Division

Changes would be required to the DWC computer system to capture the additional data required to determine if each claim was for cancer was a result of a firefighter involved with hazardous duty and produce the report required in the bill. The Information Technology Services Division (ITSD) anticipated changes to fourteen programs and an estimated thirty-one individual screens would be required. ITSD estimated 891 hours at \$75 per contract hour, or \$66,825 in FY2018. Ongoing maintenance is estimated to cost approximately \$14,000 annually.

Also noted by DWC, the legal ramifications of the proposed legislation are unknown at this time and therefore, the effect of any judicial pronouncements and costs associated with this legislation would be seen in fiscal years beyond the fiscal note period.

Oversight will show a negative fiscal impact to DOLIR - DWC for the cost of ITSD consultants and on-going ITSD support to upgrade and maintain necessary changes to programs.

ASSUMPTION (continued)

Officials at the **Department of Corrections and Department of Public Safety - Fire Safety Division** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Kansas City** assume this proposal would have a negative fiscal impact on their organization in an indeterminate amount.

Officials at the **DeSoto Rural Fire Protection District** state this proposal would have no “known impact” unless claims are reflected in workers’ compensation premiums for departments affected by a member determined to have the exposure.

Officials at the **Boone County** provided the impact of this proposal would be difficult to assign a dollar value to this but here's the fiscal impact to an employer: because of the presumption, you will see increased costs of litigation (expert witnesses, and probably protracted proceedings to overcome the presumption). Without the presumption, the plaintiff has to prove causation, without the benefit of the presumption.

Officials at **Callaway County** and **St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the Battlefield Fire Protection District, Central County Fire and Rescue, Centralia Fire Department, Creve Coeur Fire District, Hawk Point Fire Protection District, Hillsboro Fire Protection District, Lake St. Louis Fire District, Mehlville Fire District, Nixa Fire Protection District, Saline Valley Fire Protection District and the Southern Iron County Fire Protection District did not respond to **Oversight’s** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight’s** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight’s** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
WORKERS' COMPENSATION ADMINISTRATION FUND			
<u>Costs - DOLIR - DWC</u>			
ITSD Consultant Services	(\$66,825)	\$0	\$0
ITSD - On-going Support	<u>\$0</u>	<u>(\$13,699)</u>	<u>(\$14,041)</u>
Total Costs	<u>(\$66,825)</u>	<u>(\$13,699)</u>	<u>(\$14,041)</u>
ESTIMATED NET EFFECT ON WORKERS' COMPENSATION ADMINISTRATION FUND	<u>(\$66,825)</u>	<u>(\$13,699)</u>	<u>(\$14,041)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
	<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

Currently, the law provides that certain diseases of the respiratory and cardiovascular systems, including carcinoma, may be recognized as occupational diseases if a paid firefighter is exposed to certain substances. This bill includes volunteer firefighters in this definition of occupational disease.

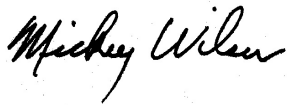
The bill also provides for a rebuttable presumption that a paid or volunteer firefighter who contracts cancer has a compensable occupational disease under certain circumstances. The presumption arises if the firefighter was exposed to a known or probable carcinogen and has been assigned to at least five years of hazardous duty as a firefighter.

The bill also requires the Division of Workers Compensation to prepare a biannual report containing specified information about presumed cancers claims filed under the provisions of this bill.

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
Division of Workers' Compensation
Department of Corrections
Department of Public Safety - Fire Safety Division
City of Kansas City
Boone County
Callaway County
St. Louis County
DeSoto Rural Fire Protection District



Mickey Wilson, CPA
Director
February 20, 2017

Ross Strobe
Assistant Director
February 20, 2017