

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3755-01  
Bill No.: HB 1644  
Subject: Higher Education; Insurance - Health; Athletics  
Type: Original  
Date: February 20, 2020

---

Bill Summary: This proposal requires public institutions of higher education to establish a personal injury or accidental death insurance program for their athletes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
University Funds	(Unknown, Could exceed \$4,671,000)	(Unknown, Could exceed \$4,671,000)	(Unknown, Could exceed \$4,671,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown, Could exceed \$4,671,000)</b>	<b>(Unknown, Could exceed \$4,671,000)</b>	<b>(Unknown, Could exceed \$4,671,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>(Unknown, Could exceed \$850,000)</b>	<b>(Unknown, Could exceed \$850,000)</b>	<b>(Unknown, Could exceed \$850,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Higher Education and Workforce Development, Department of Commerce and Insurance** and **State Technical College of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from **Missouri Southern State University (MSSU)** state they presently carry secondary insurance on student athletes that supplements their primary insurance. If we were required to carry primary insurance; the cost would be approximately \$1,000 per athlete or an estimated total cost of \$550,000 annually.

Officials from **Metropolitan Community College** assume if this were to be enacted today, MCC would spend approximately \$1,500 a year more to increase the accidental death and dismemberment coverage.

Officials from **Crowder College** assume the total fiscal impact for this legislation is estimated to be over \$850,000 on an annual basis. This would create a major financial strain on the college as we receive little to no revenue by operating athletic programs. The college might not be able to continue offering athletics to our students, which would be a true negative impact on our students and potential students.

Officials from **Harris-Stowe State University** assume the impact to Harris-Stowe from enacting this would be disastrous. We are an NAIA school. We do not get any outside funds to support our athletics. We do not get any television or radio money. Our gate receipts or game guarantees are minimal (less than \$1,000 a year for all of our sports combined). Our funding comes from unrestricted operating funds. We have nine teams that cost us a little over \$200,000 to operate. Adding any cost to that would mean cutting other cost or doing away with one or two of our teams to make it break even. Also, the six year coverage would mean that an athlete would have a claim long after they stopped attending. Thus, our claims experience would be adversely affected by someone no longer at Harris-Stowe. That type of coverage would be financial unworkable for us.

Officials from **University of Central Missouri** have determined the proposed bill requiring insurance related to student athletes would have a significant impact in terms of increased costs to the university. However, without time to put this out to quote, the extent of that impact is uncertain.

ASSUMPTION (continued)

Officials from the **University of Missouri System** assume this proposal could have a significant financial impact on the university.

Officials from **Missouri State University** assume this proposal has a potential negative fiscal impact of an undetermined amount on Missouri State University.

Officials from **Northwest Missouri State University** assume it would be a very high cost for Northwest Missouri State University to provide primary insurance for all student-athletes.

Currently we require all student-athletes to provide their own primary insurance, if they do not have that, we can purchase or they can purchase an accident plan that typically covers \$5,000 per injury. After that, our secondary insurance kicks in so that there is never an issue where they would have to pay out of pocket money for any injuries sustained from competing in intercollegiate athletics. Also, the NCAA has a Catastrophic Insurance Program that covers any athlete who's injury or medical bills exceed \$90,000.

**Oversight** assumes this proposal requires public institution of higher education, before July 1, 2021, to establish an insurance program that provides coverage to student athletes for personal injuries or accidental death.

**Oversight** estimates there are approximately 4,671 students athlete enrolled in public four year institutions of higher education as noted in the table below.

ASSUMPTION (continued)

Harris-Stowe State University	137
Lincoln University	276
Missouri Southern State University	421
Missouri State University	433
Missouri University of Science & Technology	492
Missouri Western State University	280
Northwest Missouri State University	364
Southeast Missouri State University	348
Truman State University	247
University of Central Missouri	434
University of Missouri - Columbia	556
University of Missouri - Kansas City	302
University of Missouri - St. Louis	381
<b>Total</b>	<b>4,671</b>

\* Source: [College Factual](#)

Using MSSU's cost estimate of \$1,000 per student athlete, **Oversight** assumes the total cost to public four year institutions of higher education is estimated at \$4,671,000 (4,671 \* \$1,000). Oversight will show a potential for increased costs to four-year public institutions of higher education that could exceed \$4,671,000 beginning in FY 2021.

Oversight will show a potential for increased costs to two-year public institutions of higher education that could exceed \$850,000 beginning in FY 2021 based on the estimate provided by Crowder College.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>UNIVERSITY FUNDS</b>			
<u>Cost</u> - increased costs for insurance §173.841	(Unknown, Could exceed <u>\$4,671,000</u> )	(Unknown, Could exceed <u>\$4,671,000</u> )	(Unknown, Could exceed <u>\$4,671,000</u> )
<b>ESTIMATED NET EFFECT ON UNIVERSITY FUNDS</b>	<b>(Unknown, Could exceed <u>\$4,671,000</u>)</b>	<b>(Unknown, Could exceed <u>\$4,671,000</u>)</b>	<b>(Unknown, Could exceed <u>\$4,671,000</u>)</b>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>COMMUNITY COLLEGES</b>			
<u>Cost</u> - increased costs for insurance §173.841	(Unknown, Could exceed <u>\$850,000</u> )	(Unknown, Could exceed <u>\$850,000</u> )	(Unknown, Could exceed <u>\$850,000</u> )
<b>ESTIMATED NET FISCAL IMPACT COMMUNITY COLLEGE FUNDS</b>	<b>(Unknown, Could exceed <u>\$850,000</u>)</b>	<b>(Unknown, Could exceed <u>\$850,000</u>)</b>	<b>(Unknown, Could exceed <u>\$850,000</u>)</b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires public institutions of higher education to establish by July 1, 2021, a personal injury or accidental death insurance program for their athletes injured while participating in an official game or a practice. The insurance program must cover all reasonable and necessary hospital, medical, and surgical services for six years, up to \$1 million; certain monetary benefits to athletes who become disabled, as listed in the bill; and lump sum benefits of at least \$100,000 upon death or dismemberment. The bill allows such insurance program to be coordinated with other valid insurance coverage or self-insurance by the institution.

FISCAL DESCRIPTION (continued)

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 Higher Education and Workforce Development  
Department of Commerce and Insurance  
State Technical College of Missouri  
Missouri Southern State University  
Metropolitan Community College  
Crowder College  
Harris-Stowe State University  
University of Central Missouri  
University of Missouri System  
Missouri State University  
Northwest Missouri State University



Julie Morff  
Director  
February 20, 2020



Ross Strope  
Assistant Director  
February 20, 2020