

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1044H.011
 Bill No.: HB 484
 Subject: Workers Compensation; Labor and Management; Labor and Industrial Relations,
 Department of; Insurance - General; Emergencies; Mental Health
 Type: Original
 Date: February 8, 2021

Bill Summary: The proposal adds provisions relating to occupational diseases diagnosed in first responders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Could exceed (\$351,316)	Could exceed (\$384,204)	Could exceed (\$388,167)
Total Estimated Net Effect on General Revenue	Could exceed (\$351,316)	Could exceed (\$384,204)	Could exceed (\$388,167)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Missouri Department of Transportation, Department of Public Safety – Capital Police, Fire Safety, Director’s Office, Highway Patrol, and State Emergency Management Agency** each assume the proposal would not have a direct fiscal impact on their respective organizations.

Officials from the **Attorney General’s Office (AGO)** assume the main provision of this proposal is that mental impairments of first responders “*shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment.*” This is a significant departure from existing statute (287.120.8) which states that “Mental injury resulting from work-related stress does not arise out of and in the course of the employment, unless it is demonstrated that the stress is work related and was extraordinary and unusual.” The bill’s definition of “first responder” captures a large number of employees of the State of Missouri such as law enforcement officers, firefighters, emergency medical personnel, dispatchers, and corrections staff among others. This would create a large population of state employees that would not need to meet a burden of proof to bring a workers’ compensation claim. This provision creates a very difficult burden for the State of Missouri to defend in workers’ compensation claims and could lead to a significant increase in difficult-to-defend workers’ compensation claims.

Section 287.069.2 would result in an increase in worker’s compensation claims and potentially increase other costs related to those additional claims. AGO estimates a cost of \$327,609 for four (4) additional FTE to unknown.

Oversight notes that the AGO have stated the proposal would have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the AGO=s estimated impact on the fiscal note.

Officials from the **Department of Corrections (DOC)** assume the proposal creates new provisions relating to occupational diseases diagnosed in first responders. This legislation includes officers employed at a corrections facility under the definition of first responder. It specifies that if, preceding the date of injury or death, an employee who was employed on active duty as a first responder is diagnosed with a mental impairment and had not been diagnosed with the mental impairment previously, then the mental impairment shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment.

DOC state passage of this legislation has the potential to create a substantial financial impact on the Department. By including mental impairment as a potential occupationally-related disease, the occurrence of worker's compensation claims will likely increase, as well as the number of days off and modified duty days requested by affected employees. While an increase in these areas is probable, if not certain, it is not quantifiable at this time. Therefore, we estimate the impact to be (\$0 to Unknown.)

Officials from the **Office of Administration (OA)** assume the proposal creates new definitions and presumptions for mental impairment diagnosed in first responders, and expands the definition of first responders. These changes would likely lead to increased defense costs and workers= compensation benefit costs for the state. The amount of such increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case.

Oversight notes the officials from the AGO, DOC & OA have stated the proposal would have a direct impact on their respective agencies. Oversight does not have any information to the contrary. Therefore, Oversight will range the fiscal impact from \$0 (does not increase claims) to an "Unknown" negative cost (increased workers compensation claims related to occupational disease) on the fiscal note.

Officials from the **Crestwood Police Department** assume the proposal would have a direct fiscal impact on their respective organization.

Officials from the **Nodaway County Ambulance District – Ambulance & EMS** assume the proposal would have some undeterminable financial impact from our Workers Compensation Insurance provider, as our service has some volunteer First Responder that respond in conjunction with the ambulance on some calls and provide extrication.

Oversight notes above political subdivision have stated the proposal would have a direct fiscal impact on their respective organization. Oversight assumes this proposal could increase the number of workers compensation claims. Therefore, Oversight will range the fiscal impact from \$0 (does not increase claims) to an "Unknown" negative cost (increased workers compensation claims related to occupational disease) on the fiscal note.

Officials from the **Ellisville Police Department, Kansas City Police Department, Springfield Police Department, Saint Louis County Police Department, Frederick Fire Department**, each assume the proposal would not have a direct fiscal impact on their respective organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local law enforcement, fire protection districts, ambulance districts, and emergency responders organizations were requested to respond to this proposed legislation but did not.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost</u> - AGO increase in workers compensation cases	\$0 to...	\$0 to...	\$0 to...
Salaries	(\$185,400)	(\$224,705)	(\$226,952)
Fringe Benefits	(\$99,971)	(\$120,705)	(\$121,451)
Equipment and Expense	(\$65,945)	(\$38,794)	(\$39,764)
<u>Total Cost</u> - AGO	<u>(\$351,316)</u>	<u>(\$384,204)</u>	<u>(\$388,167)</u>
FTE Change - AGO	0 to 4 FTE	0 to 4 FTE	4 FTE
<u>Cost</u> - Potential increase in workers compensation claims for occupational diseases of first responders for state agencies	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Could Exceed <u>(\$351,316)</u>	Could Exceed <u>(\$384,204)</u>	Could Exceed <u>(\$388,167)</u>
Estimated Net FTE Change on the General Revenue Fund	0 to 4 FTE	0 to 4FTE	0 to 4 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
POLITICAL SUBDIVISIONS			
<u>Costs</u> - potential increase in workers compensation claims for occupational diseases of first responders	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT TO THE POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

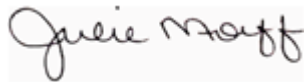
This bill provides that if, preceding the date of injury or death, an employee who is on active duty as a first responder is diagnosed with a mental impairment and he or she was not previously diagnosed with such an impairment, then the impairment shall presumptively be considered an occupational disease and presumed to have arisen out of and in the course of employment. This presumption may be rebutted by the employer or insurer.

The bill specifies that one or more compensable mental impairment claims arising out of a single accident shall constitute a single injury. Furthermore, a mental impairment shall not be considered an occupational disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by 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

Department of Labor and Industrial Relations
Missouri Department of Transportation
Office of Administration
Department of Public Safety
Attorney General's Office
Department of Corrections
Ellisville Police Department
Kansas City Police Department
Springfield Police Department
Saint Louis County Police Department
Frederick Fire Department,
Crestwood Police Department
Nodaway County Ambulance District – Ambulance & EMS



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February 8, 2021



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