

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1177H.011
Bill No.: HB 559
Subject: Workers Compensation; Emergencies; Employees - Employers
Type: Original
Date: February 15, 2021

Bill Summary: The proposal creates new 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	Exceeding (\$351,316)	Exceeding (\$384,204)	Exceeding (\$388,167)
Total Estimated Net Effect on General Revenue	Exceeding (\$351,316)	Exceeding (\$384,204)	Exceeding (\$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 or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)** assume the main provision of HB 559 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 that do 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 \$384,204 (4 additional Assistant Attorneys General) to unknown (more Assistant Attorneys General).

Oversight does not have any information to the contrary of the AGO estimates. Therefore, Oversight will range the fiscal impact from \$0 (does not increase litigation) to could exceed the AGO's estimated costs (increased workers compensation claims related to occupational disease) on the fiscal note.

In response to the identical proposal, HB 1965 (4651-01) 2020, Officials from the **Department of Corrections (DOC)** noted this 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.

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.)

In response to a similar proposal, SB 710 (3999-01) 2020, officials from the **Office of Administration (OA)** assumed Section 287.069 creates new definitions and presumptions for mental impairment diagnosed in first responders, and expands the definition of first responders. These changes would 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 does not have any information to the contrary for the OA's and DOC's estimated fiscal impact. Therefore, Oversight will assume an "Unknown" costs (increased workers compensation claims related to occupational disease) on the fiscal note.

Officials from the **Department of Labor and Industrial Relations, Department of Public Safety-Missouri State Highway Patrol, Capitol Police, Department of Public Safety -State Emergency Management Agency, Department of Public Safety – Fire Safety and Department of Public Safety-Capitol Police** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Kansas City** assume the proposal will have a negative financial impact on Kansas City, as we have the largest number of firefighters in Missouri and they are all exposed to stressful events during the course and scope of their occupational duties. The workers= compensation costs for medical care, wage loss payments and payments for permanent partial or permanent total disability will increase.

Officials from the **City of Springfield** assume the proposal would have a negative fiscal impact from this bill estimated to be a minimum of \$100,000 annually based on prior claims.

Officials from the **Crestwood Police Department – City of Crestwood** assume the proposal could have a negative impact on their organization. Should one of the city's law enforcement officers or paramedics be diagnosed with a mental impairment relating to their duties, that individual may need time off, or may need to retire / resign. This could cause the city to have to pay extra compensation to other officers/paramedics while the subject with the impairment is receiving treatment. Or, possibly, the city may incur costs associated with replacing the employee in question. The exact potential costs cannot be stated at this time with any certainty.

Officials from the **Ellisville Police Department – City of Ellisville** assume the proposal would have a fiscal impact on their organization. There may be financial impact resulting in workers compensation or disability cases relative to police officers and the acceptance as work related of their mental incapacity.

Officials from the **Crawford County 911 Board – City of Crawford** assume the proposal has the potential to significantly increase workers compensation.

Oversight notes the above local political subdivision assume the proposal would have a negative impact on their respective organizations. Oversight does not have an information to the contrary. Therefore, Oversight will reflect a potential unknown negative cost to the political subdivisions on the fiscal note.

Officials from the **City of Southwest, City of Saint Louis – Budget Division, Kansas City Police Department, Saint Louis County Police Department, and Nodaway County Ambulance District** each assume the proposal would not have a direct fiscal impact on their respective organizations.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs - Potential increase in workers compensation claims for occupational diseases of first responders for state agencies</u>	(Unknown)	(Unknown)	(Unknown)
<u>Costs - AGO - increase in workers Compensation</u>			
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 - AGO</u>	<u>(\$351,316)</u>	<u>(\$384,204)</u>	<u>(\$388,167)</u>
FTE - AGO	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Exceeding <u>(\$351,316)</u>	Exceeding <u>(\$384,204)</u>	Exceeding <u>(\$388,167)</u>
Estimated Net FTE Change on the General Revenue	4 FTE	4 FTE	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	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO THE POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

The small businesses would be expected to comply with the rules and pay potentially higher insurance premiums 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 such person was not previously diagnosed with such an impairment, the impairment shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment. This presumption may be rebutted by the employer or insurer. One or more compensable mental impairment claim 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.

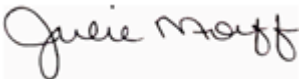
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

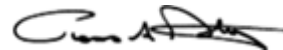
Attorney General's Office
Department of Corrections
Department of Labor and Industrial Relations
Department of Public Safety

- Missouri State Highway Patrol
- Capitol Police
- State Emergency Management Agency
- Fire Safety
- Capitol Police

City of Kansas City
City of Springfield
Crestwood Police Department
Ellisville Police Department
Crawford County 911 Board
City of Southwest
City of Saint Louis – Budget Division
Kansas City Police Department
Saint Louis County Police Department
Nodaway County Ambulance District



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