

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1258-03
Bill No.: SCS for SB 347
Subject: Business and Commerce; Employees - Employers; Labor and Management;
 Workers' Compensation; Religion
Type: Original
Date: February 21, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Could Exceed \$100,000) to Unknown	(Could Exceed \$100,000) to Unknown	(Could Exceed \$100,000) to Unknown
Total Estimated Net Effect on General Revenue Fund	(Could Exceed \$100,000) to Unknown	(Could Exceed \$100,000) to Unknown	(Could Exceed \$100,000) to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Conservation Fund	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown
Highway Fund	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown
Various	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Second Injury	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown	(Less than \$100,000) to Unknown
Total Estimated Net Effect on Other State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator** and **Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Administration – Division of General Services** assume the proposal will result in potential cost savings to Workers' Compensation which cannot be determined at this time.

Officials from the **Department of Labor and Industrial Relations (DOL)** state the Division of Workers' Compensation's (Division) information specialists and mediator who respond to employee calls and provide information regarding the employee's rights, benefits and obligations will need adequate training to perform their jobs. Further, the Division only employs one mediator at this time. DOL expects the Division will need at least one additional mediator and information specialist. The Division also maintains an 888 toll free number to respond to inquiries from the employer community. The information specialists would need additional training to answer questions relating to this proposed legislation. DOL assumes implementation

of the proposal would require three additional FTE: a Mediator with an annual salary of \$40,000; one Senior Office Support Assistant with an annual salary of \$23,184; and one Office Support Assistant with an annual salary of \$20,820. DOL assumes the cost to the Division for ASSUMPTION (continued)

additional FTE, including salaries, fringe and expense and equipment to be approximately \$120,000 annually.

Oversight assumes additional duties resulting from the proposal could be absorbed.

Oversight assumes the implementation of the proposal will reduce the amount of claims paid for Workers' Compensation injuries and accidents. Therefore, **Oversight** is showing a savings to General Revenue, Conservation Fund, Highway Fund, Second Injury Fund and various state funds.

Oversight notes none of the responding agencies directly addressed the section of the proposal that addresses occupational diseases and peace officers certified pursuant to Chapter 590, RSMo. In response to a similar proposal from the current session, **Oversight** assumed:

(1) There would not be enough people to get sick in a given year to cause costs to the Second Injury Fund to be greater than \$100,000 and therefore assume costs less than \$100,000;

(2) There could be a resulting negative impact to General Revenue, Conservation Fund, Highway Fund and Second Injury Fund; and

(2) Local law enforcement agencies, which are self-insured, could experience increased costs to their Workers' Compensation fund arising from potential increases in out-of-pocket costs and increased contributions to the fund.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Savings</u> – Office of Administration			
Potential Reduction in Claims Paid	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – Office of Administration			
Increase in Amounts Paid for Workers’ Compensation Cases (Peace Officers)	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Could Exceed \$100,000) to Unknown</u>	<u>(Could Exceed \$100,000) to Unknown</u>	<u>(Could Exceed \$100,000) to Unknown</u>
CONSERVATION FUND			
<u>Savings</u> – Department of Conservation			
Potential Reduction in Claims Paid	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – Department of Conservation			
Increase in Amounts Paid for Workers’ Compensation Cases (Peace Officers)	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
HIGHWAY FUND			
<u>Savings</u> – Department of Conservation			
Potential Reduction in Claims Paid	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – Department of Conservation			
Increase in Amounts Paid for Workers’ Compensation Cases (Peace Officers)	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>
VARIOUS STATE FUNDS			
<u>Savings</u> – Various Agencies			
Potential Reduction in Claims Paid	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
SECOND INJURY FUND			
<u>Savings</u> – Division of Workers’ Compensation			
Potential Reduction in Claims Paid	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – DOL			
Increase in Claims Paid (Peace Officers)	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>

ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>	<u>(Less than \$100,000) to Unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006

VARIOUS LOCAL FUNDS

Savings – Various Local Governments

Reduction in Potential Workers’
 Compensation Claims

Unknown	Unknown	Unknown
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Costs – Law Enforcement Agencies

Increase in Out-of-Pocket Costs and
 Increase in Contributions Paid to Fund

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON VARIOUS LOCAL FUNDS	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers’ Compensation benefits paid as a result of passage of this proposal.

DESCRIPTION

This proposal modifies the definition of "accident" and "injury" within Chapter 287, RSMo. Further, the proposal limits the applicability of an occupational disease within the chapter to cases where the occupational exposure was the dominant factor in causing the mental or physical condition of the employee. Normal physical and mental activities of day to day living are not compensable. This proposal restricts benefits for the aggravation of pre-existing conditions to those cases where a work-related injury causes increased permanent disability and reduces compensation by the amount of permanent partial disability that was pre-existing

The proposal modifies Section 287.067, RSMo, which addresses occupational diseases. Subsection 5 of this section is modified to include peace officers certified pursuant to chapter

590, RSMo, if the exposure was the dominant factor in causing the condition or disability.

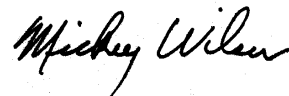
Employees that are a member of a religious organization which has tenants or teachings opposed to acceptance of insurance benefits may choose to prospectively reject the provisions of Chapter 287, RSMo.

DESCRIPTION (continued)

This proposal 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
Office of Administration – Division of General Services
Department of Conservation
Office of the State Courts Administrator



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DIRECTOR

FEBRUARY 21, 2003