

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4280-02
Bill No.: Perfected SCS for SB 526
Subject: Employees-Employers; Labor and Industrial Relations Department; Workers' Compensation
Type: Original
Date: February 11, 2014

Bill Summary: This proposal would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 287.980, RSMo. - Workers' Compensation Claims Database:

The proposed language in this section would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database that the public can access on the Division's website.

An employer would be required to obtain voluntary written consent from a potential employee to access the database. Any person who fraudulently accesses the database, compels or coerces a potential employee to provide written consent to acquire claims records, or requires such consent as a condition of employment would be guilty of a class A misdemeanor.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** assume that this proposal would not have a fiscal impact to their organization in excess of existing resources.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume inquiries would be made from the web on an inquiry screen to key in the claimant's name and last 4 digits of the claimant's social security number (SSN) rather than the entire SSN, which would produce a screen to show the results of the search. Department officials also assume the "date of claim" would mean the claim filed date with the Division of Workers' Compensation (Division) regardless of the date of the injury. Since the date of the injury is not a retrievable field to the user, the information provided could potentially be subject to misinterpretation and/or misuse. Results would be sorted by claim type; i.e. whether the claim was made against the employer's insurance or against the Second Injury Fund (SIF), and the results would indicate whether the claim is open or closed.

A nightly program would need to be developed to refresh the database with daily activity from the Division's computer system so updated claims information would be shown. The initial database would contain approximately 568,000 claim records with expected annual growth of approximately 13,000 records. The Division's current database covers employer insurance claims from 1986 to date and SIF claims from 1989 to date. Some claims from older years are entered, but not on a consistent basis.

It is likely that a search using a claimant's name (potential employee's name) and the last 4 digits of the claimant's SSN would return information on multiple claims. The search would not include information relating to claimants who are assigned a unique identifier in place of a SSN.

Additional screens would be required to capture the name and address of the employer requesting the information and to provide an employer registration process including a program to authenticate the employer registration process. A database and program would be required to capture the employer registration including the ability for an employer to change information such as the password used for on-line activity.

An additional database and program would be required to capture and log on-line activity for each employer, including the date of each inquiry, the results of each inquiry, and the number of inquiries. An additional program would be required to bill the employer based on the number of successful inquiries and to maintain the payment status of each employer.

DOLIR officials noted there would be an additional screen required to record the employee's consent.

ASSUMPTION (continued)

IT impact

DOLIR officials provided an estimate of the total IT cost to develop the new web system and databases of \$82,691.

In response to a previous version of this proposal, officials from the **Office of Administration, Information Technology Services Division (OA-ITSD)** provided an estimate of \$57,911 for employees' salary costs related to this proposal; with employee benefits, the OA-ITSD estimate totaled \$87,449.

Oversight assumes OA - ITSD is provided with core funding to handle a certain amount of activity each year. Oversight also assumes OA-ITSD could absorb the costs related to the current version of this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD could request funding through the appropriation process.

Administrative impact

Officials from the **Department of Labor and Industrial Relations** stated they are not able to determine whether the Department's fraud and noncompliance staff would need additional personnel to deal with the new responsibilities.

Oversight assumes the Department would not require additional staff to implement this proposal; if unanticipated additional work is required or if multiple proposals are implemented which increase the Department's workload, resources could be requested through the budget process.

Officials from **Office of the State Public Defender (SPD)** stated that for the purpose of the proposed legislation, and as a result of excessive caseloads, their organization could not assume existing staff would provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of fraudulently accessing the Division of Worker's Compensation Claims database, a proposed new Class A Misdemeanor.

ASSUMPTION (continued)

SPD officials also stated that while the number of new cases may be too few or uncertain to request additional funding for this specific bill, their organization would continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Oversight assumes the SPD could absorb the additional caseload that may result from this proposal.

Officials from the **Missouri Highway Patrol** deferred to the Department of Transportation Risk Management for an estimate of potential fiscal impact to their organization.

Officials from the **Office of Sate Courts Administrator** assume the proposal would not have an impact in excess of \$100,000.

Officials from the **Department of Corrections** assume this proposal would have a fiscal impact on their organization ranging from \$0 to a minimal amount which could be absorbed with existing resources.

Officials from the **Office of Administration - General Services Division**, and the **Department of Transportation** assume this proposal would have no fiscal impact to their respective agencies.

Officials from the **Office of Prosecution Services**, the **Department of Public Safety - Division of Fire Safety**, **Capitol Police**, **Missouri Veterans Commission**, **Division of Alcohol and Tobacco Control**, **State Emergency Management Agency**, and **Missouri National Guard** assumed a previous version of the proposal would have no fiscal impact to their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which are subject to the workers' compensation law.

FISCAL DESCRIPTION

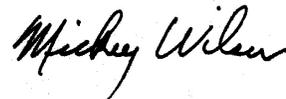
The proposed legislation would require the Division of Workers' Compensation to develop and maintain a workers' compensation claims database. The database would be accessible to potential employers during a pre-hire period, and searchable by an employee's name and social security number. The Division would be required to maintain a record of claims records reviewed. The database would not be subject to the records retention requirements in the workers' compensation law.

An employer would be required to obtain voluntary written consent from a potential employee to access the database. Any person who fraudulently accesses the database, compels or coerces a potential employee to provide written consent to acquire claims records, or requires such consent as a condition of employment would be guilty of a class A misdemeanor.

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

Office of State Courts Administrator
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 General Services Division
 Information Technology Services Division
Department of Corrections
Department of Labor and Industrial Relations
Department of Public Safety
 Division of Fire Safety
 Capitol Police
 Missouri Veterans Commission
 Division of Alcohol and Tobacco Control
 State Emergency Management Agency
 Missouri National Guard
 Missouri Highway Patrol
Department of Transportation
Office of Prosecution Services
Office of the State Public Defender



Mickey Wilson, CPA
Director
February 11, 2014

Ross Strobe
Assistant Director
February 11, 2014