

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4667-01
Bill No.: SB 763
Subject: Workers' Compensation
Type: Original
Date: January 26, 2018

Bill Summary: This proposal establishes a workers' compensation claims database.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--------------------------------------------------------|--------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Workers' Compensation Administration Fund | (\$316,062) | (\$64,793) | (\$66,413) |
| | | | |
| Total Estimated Net Effect on Other State Funds | (\$316,062) | (\$64,793) | (\$66,413) |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---------------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|-----------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would have a negative fiscal impact on their organization related to the development and maintenance of a worker's compensation claims database.

DOLIR states, their Division of Workers' Compensation (DWC) would be required to develop and maintain a workers' compensation claims database that the potential employers could access via a website to view the claims filed under chapter 287. The bill allows a search to be conducted by a user who has obtained the potential employee's written consent, employee's name, and social security number. The search on the website will retrieve claims information restricted to the date of the claim and whether the claim is open or closed.

Chapter 287 does not define the term "claim." The division interprets the term "claim" to mean Claim for Compensation that is filed with the division on a division-approved form. Injuries reported to DWC are confidential pursuant to §287.380 RSMo. A Claim for Compensation may be filed against the employer and its insurer (ER/INS) and a Claim for Compensation may also be filed against the Treasurer of State of Missouri as custodian of the Second Injury Fund (SIF).

Inquiries would be made through the division's website on an inquiry screen to key in the claimant's name and last four digits of the Social Security Number (SSN) which would produce a screen to show the results of the search. For purposes of determining the estimate, the DWC assumes that the "date of claim" means the date the claim was filed with the division regardless of the date of injury as the date of injury is not a retrievable field to the user. Therefore, the information provided could potentially be subject to misinterpretation and/or misuse. In addition, in order to reflect whether the case is open or closed properly, the status of the case would be sorted by claim type; i.e., claim against the ER/INS or SIF and the Open/Closed status of each claim type.

A nightly program would need to be developed to refresh the database with the daily activity from the DWC's Automated Integrated Computer System so updated claims information would be shown. The initial database would contain approximately 568,000 claim records with an annual growth of approximately 13,000 records. The division's current database covers ER/INS claims from approximately 1986 to the present and SIF claims from approximately 1989 to present. Claims from older years are entered, but not on a consistent basis.

There is likelihood that a search using a claimant's name (potential employee's name) and last four digits of the SSN may probably return multiple claims. The search would not include

ASSUMPTION (continued)

information relating to claimants who are assigned a unique identifier in place of a SSN. There would also be additional subsystem required to capture the applicant's consent information.

A second database and program would be required to capture an on-line activity log for each employer, recording each inquiry, the results of each inquiry and the number of inquiries. A program would also be required to bill the employer based on the number of successful inquiries and maintain the payment status for each employer. Screens would be developed to capture the employer name and address for the employer requesting the information, employer registration and authentication, and allow an employer to change information such as a user ID and password for the on-line activity.

The estimated total cost to develop a new Web system and workers' compensation claims database is approximately \$316,062 (4,214.16 hours x \$75) for FY2018. Ongoing maintenance database costs are estimated at approximately \$65,000 annually.

Officials from the **Office of Prosecution Services** assume the proposal will have no measurable fiscal impact. The creation of new crime creates additional responsibilities for county prosecutor which may, in turn, result in additional costs which are difficult to determine.

Officials from the **Office of Administration-General Services, Office of Administration-Information Technology Services Division, Office of Administration-Administrative Hearing Commission, Office of State Courts Administrator, Office of the Secretary of State, Joint Committee on Administrative Rules, Department of Corrections, Office of the State Public Defender, and Department of Public Safety-Office of the Director** each assume the proposal will have no fiscal impact on their respective organizations.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|----------------------------------------------------------------------------------|---------------------------|--------------------------|--------------------------|
| WORKERS' COMPENSATION ADMINISTRATION FUND | | | |
| <u>Costs - DOLIR</u> | | | |
| IT Consultant Expenses | (\$316,062) | \$0 | \$0 |
| Ongoing IT Costs | <u>\$0</u> | <u>(\$64,793)</u> | <u>(\$66,413)</u> |
| <u>Total Costs</u> | <u>(\$316,062)</u> | <u>(\$64,793)</u> | <u>(\$66,413)</u> |
| ESTIMATED NET EFFECT TO WORKERS' COMPENSATION ADMINISTRATION FUND | <u>(\$316,062)</u> | <u>(\$64,793)</u> | <u>(\$66,413)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal requires the Division of Workers' Compensation to develop and maintain a workers' compensation claims database that is accessible to potential employers during a pre-hire period and searchable by an employee's name and Social Security number. Employers are required to obtain written consent from the potential employee to acquire records and are barred from compelling or coercing a potential employee to provide consent or require consent as a condition of employment.

The Division shall maintain a record of claims records reviewed. Those who fraudulently access the database, compel or coerce a potential employee to provide consent or require consent as a condition of employment shall be guilty of a Class A misdemeanor.


The provisions of this proposal shall be fully implemented by July 1, 2019.

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
Office of Prosecution Services
Office of Administration-General Services
Office of Administration-Information Technology Services Division
Office of Administration-Administrative Hearing Commission
Office of State Courts Administrator
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Corrections
Office of the State Public Defender
Department of Public Safety-Office of the Director

Ross Strope



Acting Director
January 26, 2018