

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1496-01  
Bill No.: SB 281  
Subject: Workers' Compensation  
Type: #Updated  
Date: February 28, 2019

# Updated to include AGO and OA's responses and their fiscal impacts.

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Bill Summary: This proposal creates new provisions relating to occupational diseases diagnosed in first responders.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#General Revenue	Could exceed (\$327,609)	Could exceed (\$355,427)	Could exceed (\$359,058)
<b>#Total Estimated Net Effect on General Revenue</b>	<b>Could exceed (\$327,609)</b>	<b>Could exceed (\$355,427)</b>	<b>Could exceed (\$359,058)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
#General Revenue	4 FTE	4 FTE	4 FTE
<b>#Total Estimated Net Effect on FTE</b>	<b>4 FTE</b>	<b>4 FTE</b>	<b>4 FTE</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#Officials from the **Attorney General's Office (AGO)** assume the proposal'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 claim and potentially increase other costs related to those additional claims. AGO estimates a fiscal impact of 4 FTE at average salary of \$50,500 for an AAG II. This would be a total of \$327,609 for FY 2020, \$355,427 for FY 2021, and \$359,058 for FY 2022.

#**Oversight** assumes this proposal may increase the number of workers' compensation claims and also increase the workload of the AGO. Oversight does not have information to the contrary; therefore, Oversight will reflect the AGO's estimated cost.

#Officials from the **Office of Administration (OA)** assume 287.069 creates new definitions and presumptions for mental impairment diagnosed in first responders. It also greatly 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** notes that the proposal could potentially increase the number of workers compensation claims resulting in increased litigation. Therefore, Oversight will reflect a potential unknown amount of cost to the state.

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

#**Oversight** has not received a response from many political subdivisions (except for Kansas City below). However, Oversight assumes this proposal could increase the number of workers compensation claims. Therefore, Oversight will reflect a potential unknown amount of cost to the political subdivisions.

ASSUMPTION (continued)

Officials from the **City of Kansas City** state this will have a significant negative financial impact on the City, as we have the largest number of firefighters in the State of 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 has no clear fiscal impact on their respective organization.

Officials from the **Springfield Police Department** and **Boone County Sheriff's Department** assume the proposal will have no fiscal impact on their organization.

**#Oversight** notes that the Department of Labor and Industrial Relations, Department of Public Safety-State Emergency Management Agency, Department of Corrections, Department of Public Safety-Missouri State Highway Patrol, Department of Transportation, Department of Public Safety-Capitol Police, Springfield Police Department, and Boone County Sheriff's Department have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

**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 were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>#Costs - AGO - increase in workers compensation</u>			
Salaries	(\$168,333)	(\$204,020)	(\$206,060)
Fringe Benefits	(\$93,331)	(\$112,613)	(\$113,234)
Equipment and Expense	(\$65,945)	(\$38,794)	(\$39,764)
<u>#Total Costs - AGO</u>	<u>(\$327,609)</u>	<u>(\$355,427)</u>	<u>(\$359,058)</u>
# FTE Change - AGO	4 FTE	4 FTE	4 FTE
 <u>#Costs - potential increase in workers compensation claims for occupational diseases of first responders for state agencies</u>	 \$0 or <u>(Unknown)</u>	 \$0 or <u>(Unknown)</u>	 \$0 or <u>(Unknown)</u>
 <b>#ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	 <b>Could exceed <u>(\$327,609)</u></b>	 <b>Could exceed <u>(\$355,427)</u></b>	 <b>Could exceed <u>(\$359,058)</u></b>
 #Estimated Net FTE Change on the General Revenue Fund	 4 FTE	 4 FTE	 4 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2020 (10 Mo.)	 FY 2021	 FY 2022
<b>POLITICAL SUBDIVISIONS</b>			
 <u>Costs - potential increase in workers compensation claims for occupational diseases of first responders</u>	 <u>(Unknown)</u>	 <u>(Unknown)</u>	 <u>(Unknown)</u>
 <b>ESTIMATED NET EFFECT TO THE POLITICAL SUBDIVISIONS</b>	 <b><u>(Unknown)</u></b>	 <b><u>(Unknown)</u></b>	 <b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act 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 such an impairment, then 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 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

#Attorney General's Office  
#Office of Administration  
#Department of Public Safety-Capitol Police  
Department of Labor and Industrial Relations  
Department of Public Safety-State Emergency Management Agency  
Department of Corrections  
Department of Public Safety-Missouri State Highway Patrol  
Department of Transportation  
Springfield Police Department  
Boone County Sheriff's Department  
#Ray County Clerk



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