

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3316-01
Bill No.: HB 918
Subject: Employees - Employers; Labor and Industrial Relations Dept.;
Workers Compensation
Type: Original
Date: February 13, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Various Funds	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)
Second Injury Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Department of Public Safety, Office of the Director, Capitol Police, and State Water Patrol** assume this proposal would have no impact on their organization.

Officials from the **State Highway Patrol** defer to the Department of Transportation for an estimate of impact to their organization. However, in response to a similar proposal in the previous session, Missouri State Highway Patrol officials stated their Risk Management section assumed the proposal would result in additional unknown cost to their Workers' Compensation system.

Officials from the **Department of Conservation** assume the proposal would include Conservation Agents, but would have only minimal impact to the Conservation Commission Fund.

Officials from the **Department of Transportation** assume the proposal would have no impact on their organization.

ASSUMPTIONS (continued)

In response to a similar proposal in the previous session, officials from the **Office of Administration, Division of General Services** (DGS) assumed the proposal has the potential to increase costs associated with Workers' Compensation cases. DGS assumes the cost to be unknown and cannot speculate whether the amount would be greater than or less than \$100,000. DGS noted that even one case involving disease of the lungs, respiratory tract, heart or cardiovascular disease including carcinoma has the potential for significant cost. DGS noted a similar provision was added under Chapter 287, RSMo, in 1998 (Section 287.070) and, to date, have had no claims filed pursuant to this section. DGS stated, likewise, they are unaware of any past cases filed under workers' compensation for any qualified state peace officer involving treatment or disability due to the exposure of smoke, gases or inadequate oxygen.

Oversight assumes costs to various state funds could exceed \$100,000 in any given year.

Officials from the **Department of Labor and Industrial Relations** (DOL) assume this proposal would add peace officers to occupations where hypotension and hypertension may be recognized as an occupational disease provided a direct causal relationship is established between the illness and the employee's exposure to smoke, gases, carcinogens, inadequate oxygen, or psychological stress. Peace officers include all highway patrolmen and state, county and local law enforcement officers with the power to arrest individuals for violations of criminal law or county or municipal ordinance.

Currently, there are approximately 19,478 peace officers in Missouri. Since nearly all, if not all, peace officers in Missouri are self-insured, this proposal would only impact the self-insured employer, or the group trust self-insuring their workers' compensation liability, since those organizations would be required to pay benefits under this proposal. This proposal may also have a limited fiscal impact on the Second Injury Fund.

Based on the limited provisions of the proposal, DOL assumes that between zero (0) and two (2) peace officers would have compensable occupational illnesses each year, as a result of this proposal. If these illnesses are determined to be permanent and total, the maximum annual impact to the Second Injury Fund is expected to be \$0, for no cases, \$25,000 for one case and \$50,000 for two cases. However, DOL believes that in most fiscal years no peace officers would receive compensation based on the provisions in this legislation. Therefore, the fiscal impact to the Second Injury Fund is \$0 to \$50,000.

ASSUMPTIONS (continued)

DOL does not assume the need for any additional administrative law judges, legal advisors or clerical personnel to administer these cases.

Oversight assumes that claims would increase if this proposal was enacted, resulting in additional cost to the Second Injury Fund. Oversight assumes such claims would be infrequent, and may not be made until several years after the effective date of the proposal. Oversight assumes 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.

Officials from the **St. Louis County Police Department** assume this proposal would have a significant but unknown impact on their organization.

In response to a similar proposal in the previous session, officials from the **Springfield Police Department** (SPD) assume no costs would be associated with implementation of this proposal. SPD notes they are in their own disability plan and their actuary has indicated there will be no fee increases if the proposal passes.

In response to a similar proposal in the previous session, officials from the **City of Columbia Police Department** assume there would be costs and losses associated with this proposal and note there would be a significant impact on Workers' Compensation cases.

Oversight assumes 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 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Costs</u> – Office of Administration			
Increase in Amounts Paid for Workers’ Compensation Cases	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)
GENERAL REVENUE FUND	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>
VARIOUS STATE FUNDS			
<u>Costs</u> – Missouri State Highway Patrol			
Increase in Amounts Paid for Workers’ Compensation Cases	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>
SECOND INJURY FUND			
<u>Costs</u> – DOL			
Increase in Claims Paid	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL GOVERNMENTS			
<u>Costs – Law Enforcement Agencies</u>			
Increase in Out-of-Pocket Costs and			
Increase in Contributions Paid to Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

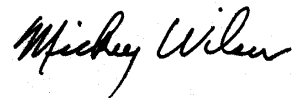
DESCRIPTION

This proposal would add certified police officers to firefighters as employees entitled to a presumption of Workers' Compensation coverage for certain diseases, provided a direct causal relationship is established.

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 Conservation
Department of Transportation
Department of Public Safety
 Office of the Director
 State Highway Patrol
 Capitol Police
 State Water Patrol
Department of Labor and Industrial Relations
St. Louis County Police Department



Mickey Wilson, CPA
Director
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