

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4126-01
Bill No.: HB 1185
Subject: Employees - Employers; Labor and Industrial Relations Dept.; Workers
Compensation
Type: Original
Date: February 23, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(At least \$356,330)	(At least \$367,020)	(At least \$378,030)
Total Estimated Net Effect on General Revenue Fund	(At least \$356,330)	(At least \$367,020)	(At least \$378,030)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Conservation Commission *	(Unknown)	(Unknown)	(Unknown)
Highway *	(Unknown)	(Unknown)	(Unknown)
Workers' Compensation *	(Unknown)	(Unknown)	(Unknown)
Second Injury *	(Unknown)	(Unknown)	(Unknown)
Various State Funds *	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds *	(Unknown)	(Unknown)	(Unknown)

* Unknown expected to exceed \$100,000.

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)

* Unknown expected to exceed \$100,000.

Numbers within parentheses: () indicate costs or losses.

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Department of Insurance** and the **Office of State Courts Administrator** assume this proposal would have no impact on their organization.

Officials from the **Department of Economic Development, Public Service Commission**, stated they were unable to determine the impact of the proposal on their organization.

Officials from the **Department of Labor and Industrial Relations** assume this proposal would have an unknown cost in excess of \$100,000 to the state Workers' Compensation Fund and to the Second Injury Fund.

Officials from the **Office of Administration, Division of General Services, Risk Management Section** assume the expanded benefits mandated by this proposal would increase the state's cost of claims paid by at least \$356,330 for FY 2005, \$367,020 for FY 2006, and \$378,030 for FY 2007. In addition, they stated that political subdivisions' costs would increase.

Officials from the **University of Missouri** assume this proposal would increase the University's annual cost by \$5 million to \$7 million per year.

Oversight assumes this proposal would increase costs to the state's funds and to local governments by an unknown but significant amount each year.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost - benefits to injured workers.</u>	<u>(At least \$356,330)</u>	<u>(At least \$367,020)</u>	<u>(At least \$378,030)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(At least \$356,330)</u>	<u>(At least \$367,020)</u>	<u>(At least \$378,030)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
CONSERVATION COMMISSION FUND			

<u>Cost</u> - benefits to injured workers.*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 CONSERVATION COMMISSION
 FUND ***

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* Unknown expected to exceed \$100,000.

HIGHWAY FUND

<u>Cost</u> - benefits to injured workers. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 HIGHWAY FUND ***

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* Unknown expected to exceed \$100,000.

WORKERS COMPENSATION FUND

<u>Cost</u> - benefits to injured workers. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 WORKERS COMPENSATION
 FUND ***

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* Unknown expected to exceed \$100,000.

SECOND INJURY FUND

<u>Cost</u> - benefits to injured workers. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 SECOND INJURY FUND ***

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* Unknown expected to exceed \$100,000.

FISCAL IMPACT - State Government

FY 2005
 (10 Mo.)

FY 2006

FY 2007

VARIOUS STATE FUNDS

<u>Cost</u> - benefits to injured workers. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 VARIOUS STATE FUNDS ***

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* Unknown expected to exceed \$100,000.

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

POLITICAL SUBDIVISIONS

Cost - benefits to injured workers. *

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
POLITICAL SUBDIVISIONS ***

(Unknown)

(Unknown)

(Unknown)

* Unknown expected to exceed \$100,000.

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses by expanding the number of businesses covered by the program, allowing the employee to select his or her own physician to treat covered disorders, requiring coverage for specified employees and disorders, and adding a death benefit and college tuition benefit for covered employees' survivors.

DESCRIPTION

This proposal would make significant changes in the state Workers' Compensation program:

- An employer with one employee would be subject to the program.
- Immune system, and blood and vascular system disorders would be covered.
- Peace officers and emergency medical technicians would have a presumption of coverage for certain disorders.
- Any carrier providing coverage in Missouri would be required to have a physical presence in the state.
- An injured employee would be able to sue an employer regardless of workers' compensation coverage.
- A statute of limitations for an employer to conduct an investigation into a claim made and to allow or deny a claim would be implemented.
- Suitable employment after an injury would be defined.
- Suitable employment during recovery from an injury would be defined
- A statutory death benefit and postsecondary education scholarships would be provided for survivors of deceased workers.
- Medical legal expense would be defined.

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 Insurance
Office of State Courts Administrator
Department of Economic Development
 Public Service Commission
Department of Labor and Industrial Relations
Office of Administration
 Division of General Services
 Risk Management Section
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 23, 2004