

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2156-01
Bill No.: HB 908
Subject: Attorney General, State; Labor and Management; Labor and Industrial Relations
Department; Workers Compensation
Type: Original
Date: April 12, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Second Injury	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of State Courts Administrator**, the **Missouri Senate**, the **Missouri House of Representatives**, the **Office of Administration, Division of General Services, Risk Management Section**, and the **Department of Economic Development, Public Service Commission**, assume this proposal would have no impact on their organizations.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would bar the filing of claims against the Second Injury Fund until such time as legislation is enacted that makes the fund actuarially sound. Based on the 3% surcharge cap recently enacted and signed into law under Senate Bills 1 & 130, the Division of Workers' Compensation (Division) projects that the Fund will not have enough money to pay benefits for current pending claims by the end of FY 2006. With no new claims coming in there will be nothing owed until the chapter is amended. The Division does not know when that will be and therefore states unknown fiscal impact.

ASSUMPTIONS (continued)

The proposal would also create the Second Injury Fund Advisory Committee. The eleven committee members would be compensated for reasonable and necessary expense from the Workers' Compensation Administrative Fund. The Division assumes that reimbursement totals would be minimal.

Officials from the **Office of the Governor** and the **Office of the Attorney General** did not respond to our request for information.

Oversight assumes the suspension of new claim filing would result in a reduction of costs to the Second Injury Fund. Existing statutory provisions will limit future Second Injury Fund revenues to the lesser of expected claim payments or three percent of premiums and self-insured payments. Any other changes in fund operation would require additional legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
SECOND INJURY FUND			
<u>Cost reduction</u> - Claims suspension	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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.

DESCRIPTION

This proposal would substantially revise the state's Second Injury Fund system for compensating injured workers. The proposal would suspend new claims against the Second Injury Fund until additional statutory changes are enacted making the fund actuarially sound, but the suspension would not affect any claim pending against the fund.

"The Second Injury Fund Advisory Committee" would be created, and would consist of four members appointed by the General Assembly and seven members appointed by the Governor. The members appointed by the Governor would have specific experience requirements. The Division of Workers' Compensation would provide staff to the committee and aid it in the performance of its duties. The committee would examine the Second Injury Fund and consider the fiscal integrity of the fund and the financial stability of the fund over the next five years based on current law; the need, if any, for changes in or elimination of benefits available from the Second Injury Fund; the most appropriate method to finance the operations of the fund; and ways to improve the administration and defense of the fund.

The committee could conduct personal interviews, public hearings, research, and examination of statistical information regarding the fund. The committee would have the right to review and inspect necessary claim information and injury and financial statistics regarding the fund, but would not have access to confidential information without the approval of the Director of the Division of Workers' Compensation.

The committee would draft a report containing recommendations for legislative changes to the Second Injury Fund system no later than November 1, 2005. Beginning January 1, 2006, the Attorney General would prepare an annual report to the Governor and the General Assembly. The report would contain all Second Injury Fund claim settlement information the Division of Workers' Compensation deems necessary.

The proposal includes an emergency clause.

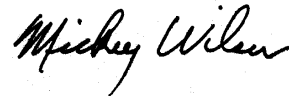
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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

NOT RESPONDING

Office of the Governor
Office of the Attorney General

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

Mickey Wilson, CPA
Director
April 12, 2005