

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0339-02
Bill No.: HB 155
Subject: Motor Vehicles; Roads and Highways
Type: Original
Date: February 13, 2007

Bill Summary: This proposal requires only operators or riders of motorcycles and motortricycles who are younger than 21 years of age to wear protective headgear.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Highways and Transportation, Office of the Attorney General, Missouri State Highway Patrol, Department of Public Safety** and the **Department of Revenue** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health** assume the proposal would have no fiscal impact on their agency. This proposal requires individuals under age 21 to wear protective headgear, it would not result in an increase in the number of persons served by Mental Retardation Developmental Disabilities. Individuals who are over age 22 when they obtain a head injury are not eligible for Division services.

Officials from the **Department of Health and Senior Services (DHSS)** estimated that changing the helmet-use law to apply to just motorcycle riders under the age of 21 would increase the number of head-injured patients by 509 per year. Of these, it is estimated that 4.3 would become clients of the Head Injury Services Program of the Department of Health and Senior Services, and that this would add \$33,000 per year in program costs. The increase of 6 for the following year and 8 for the year after was based on the experience of previous new enrollment growth in the program.

ASSUMPTION (continued)

Oversight assumes statutes or regulations would not require the DHSS to include these individuals in its Head Injury Program.

Officials from the **Department of Social Services - Division of Medical Services** state the Department of Health and Senior Services (DHSS) estimates there will be 7 additional uninsured head-injury cases each year if the helmet law is repealed for people age 21 and over.

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the Medicaid program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.8% annually from 2003 to arrive at an estimate for 2008 through 2010. Therefore, the initial cost is estimated to be \$15,399 in FY08. This inflationary factor is an average based on Healthcare Cost Review data from the fourth quarter of FY 2006.

The average annual cost for on-going medical costs is based on the first four months of FY 07 (July 2006 through October 2006). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, in-home services, rehab/specialty and mental health services are in the on-going cost calculation. Pharmacy costs have been adjusted to reflect clawback payments. The cost per person for on-going medical costs for one year is \$14,988 (\$1,249 x 12 months). For 7 people the cost is \$104,916 (\$14,988 x 7 people).

FY08:

The initial hospitalization will be \$15,399 per person. ($\$15,399 \times 7 = \$107,793$)

The on-going medical costs will be \$12,490 per person for the year (10 months). ($\$12,490 \times 7 = \$87,430$).

For 1 person the total annual cost in FY08 will be \$27,889 and for 7 people will be \$195,223 (\$73,365 GR).

ASSUMPTION (continued)

FY09:

Assuming all 7 FY08 injured people survive, the estimated cost for FY09 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the 7 new people estimated to be injured in FY 09. Costs are inflated by 5.8% annually.

FY08 injured people:

Initial Cost \$0 + On-going Cost \$14,988 (12 mths) = \$14,988 per person

Total Annual Cost for 7 people $(\$14,988 \times 7) \times 5.8\% = \$111,001$

FY09 injured people:

Initial Cost \$15,399 + On-going Cost (12 mths) \$14,988 = \$30,387 per person

Total Annual Cost for 7 people $(\$30,387 \times 7) \times 5.8\% = \$225,046$

Total FY08 and FY09 injured people: $\$111,001 + \$225,046 = \$336,047$ (\$126,286 GR).

FY10:

Assuming all 7 FY08 and 7 FY09 injured people survive, the estimated cost for FY10 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the 7 new people estimated to be injured in FY 10. Costs are inflated by 5.8% annually.

FY08 injured people:

Initial Cost \$0 + On-going Cost \$14,988 (12 mths) = \$14,988 per person

Total Annual Cost for 7 people $[((\$14,988 \times 7) \times 5.8\%) \times 5.8\%] = \$117,439$

FY09 injured people:

Initial Cost \$0 + On-going Cost \$14,988 (12 mths) = \$14,988 per person

Total Annual Cost for 7 people $[((\$14,988 \times 7) \times 5.8\%) \times 5.8\%] = \$117,439$

FY10 injured people:

Initial Cost \$15,399 + On-going Cost (12 mths) \$14,988 = \$30,387 per person

Total Annual Cost for 7 people $[((\$30,387 \times 7) \times 5.8\%) \times 5.8\%] = \$238,098$

Total FY08, FY09 and FY10 injured people:

$\$117,439 + \$117,439 + \$238,098 = \$472,977$ (\$177,745 GR).

ASSUMPTION (continued)

Oversight assumes some people 21 and over could choose not to wear protective headgear as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear exemption.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---------------------|------------|------------|
| | <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.

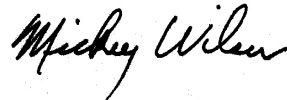
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 the Attorney General
Department of Highways and Transportation
Department of Health and Senior Services
Office of the Secretary of State
Department of Revenue
Missouri State Highway Patrol
Department of Mental Health
Department of Public Safety
Department of Social Services

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

Mickey Wilson, CPA
Director
February 13, 2007