COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3189-01
Bill No.: HB 1393
Subject: Motor Vehicles; Department of Revenue
Type: Original
Date: February 5, 2008

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 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation**, **Department of Insurance, Financial Institutions and Professional Registration**, **Missouri State Highway Patrol**, **Department of Public Safety**, **Office of the Secretary of State** and the **Department of Revenue** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from last year (HB 155), officials from the **Office of the Attorney General** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Mental Health** assume the proposal would have no fiscal impact on their agency. This proposal requires only individuals under age 21 to wear protective headgear when operating a motorcycle on any highway of the state. Individuals who are over age 22 when they obtain a head injury are not eligible for Division of Mental Retardation / Developmental Disabilities 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 77 per year. Of these, it is estimated that 1 would become clients of the Head Injury Services Program of the Department of Health and Senior Services, and that this would add $6,483 per year in program costs. Based on the experience of previous new enrollment growth in the program, DHSS estimates that the number of patients will go up to two in the second year and three in the third year.

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 (DOSS)** state the Department of Health and Senior Services 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 MO HealthNet program.

ASSUMPTION (continued)

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 2009 through 2011. Therefore, the initial cost is estimated to be $16,292 in FY'09. 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 '08 (July 2007 through October 2007). 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 on-going cost per person for one full year is $15,732 ($1,311 x 12 months). For 7 people the cost is $110,124 ($15,732 x 7 people).

FY '09
The initial hospitalization will be $16,292 per person ($16,292 x 7 = $114,044).
The on-going medical costs will be $13,110 per person for the year (10 months).
($13,110 x 7) =$91,770.
For 1 person the total annual cost in FY'09 will be $29,402 and for 7 people will be $205,814 ($75,760 GR).

FY '10
Assuming all 7 FY '09 injured people survive, the estimated cost for FY '10 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.

FY '09 injured people:
Initial Cost $0 + On-going Cost $15,732 (12 months) = $15,732 per person
Total Annual Cost for 7 people ($15,732 x 7) x 5.8% = $116,511.

FY '10 injured people:
Initial Cost $16,292 + On-going Cost (12 months) $15,732 = $32,024 per person
Total Annual Cost for 7 people ($32,024 x 7) x 5.8% = $237,170.

Total FY'09 and FY'10 injured people: $116,511 + $237,170 = $353,681 ($130,190 GR).

ASSUMPTION (continued)

FY '11

Assuming all 7 FY '09 and 7 FY '10 injured people survive, the estimated cost for FY '11 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 '11. Costs are inflated by 5.8% annually.

FY '09 injured people:
Initial Cost $0 + On-going Cost $15,732 (12 months) = $15,732 per person
Total Annual Cost for 7 people [(($15,732 x 7) x 5.8%) x 5.8%] = $123,269

FY '10 injured people:
Initial Cost $0 + On-going Cost $15,732 (12 months) = $15,732 per person
Total Annual Cost for 7 people [(($15,732 x 7) x 5.8%) x 5.8%] = $123,269

FY '11 injured people:
Initial Cost $16,292 + On-going Cost (12 months) $15,732 = $32,024 per person
Total Annual Cost for 7 people [(($32,024 x 7) x 5.8%) x 5.8%] = $250,926

Total FY '09, FY '10 and FY '11 injured people:
$123,269 + $123,269 + $250,926 = $497,463 ($183,116 GR).

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.

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
	$0	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
	$0	**$0**	**$0**

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

Department of Insurance, Financial Institutions and Professional Registration
Department of Transportation
Office of the Attorney General
Department of Mental Health
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety
Office of the State Auditor

Mickey Wilson

Mickey Wilson, CPA
Director
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