

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5478-02
Bill No.: HCS for HB 1655
Subject: Motor Vehicles; Transportation
Type: Original
Date: March 7, 2014

Bill Summary: This proposal exempts motorcyclists age 21 and older from wearing a helmet when operating a motorcycle or motortricycle.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> 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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials at the **Department of Health and Senior Services (DHSS)** estimated that changing the helmet law to allow persons 21 years of age or older to operate or ride as a passenger on any motorcycle or motortricycles without a helmet could increase the number of brain-injured participants in the Adult Brain Injury Program. DHSS is unable to predict the number of participants this legislation would result in; however, the average cost per participant is \$5,600 per year. Participation in the program is subject to available funding, and without additional funding any potential new participants will likely be added to a waiting list. Currently, there are almost 200 Missourians on the Adult Brain Injury Program wait list, with a wait time of over two years before rehabilitation services are started through the program. Additional program participants may result in DHSS requesting additional funding for the program. Therefore, this legislation is expected to result in a zero to unknown fiscal impact.

In response to a previous version, officials at the **Department of Mental Health (DMH)** assumed this proposes to remove the current state requirement for motorcyclists and riders 21 years of age and older to wear protective headgear. The Division of Developmental Disabilities (DD) eligibility provisions for Medicaid waived services require individuals to be less than 22 years old at the time their developmental disability is diagnosed. Under this legislation, persons age 21 who experience traumatic brain injury (TBI) as a result of a head injury sustained during a motorcycle accident while not wearing protective headgear could become eligible for waived services through the division. Additionally, individuals suffering from severe head injuries are at a greater risk of developing behavioral and/or drug and alcohol disorders, and may qualify for services through the Division of Behavioral Health. Concordantly, the fiscal impact of serving additional individuals who experience severe head injury resulting from not wearing protective headgear is an unknown cost.

In response to a previous version, officials from the **Department of Health and Senior Services (DHSS)** and the Department of Mental Health (DMH) stated that their response includes costs that are covered under their respective budgets. Therefore, only those medical costs that are in the Department of Social Services (DSS) budget are reported here.

The DHSS estimated there will be 20 additional head-injury cases each year if the helmet law is repealed for people age 21 and over. It is estimated that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

ASSUMPTION (continued)

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.

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 5.09% annually from 2003 to arrive at an estimate for 2015 through 2017. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY03 through FY '14. Therefore, the additional initial cost is estimated to be \$21,076 in FY '15.

The average annual cost for on-going medical costs is based on the first three months of FY14 (July 2013 through September 2013). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, home health and rehab/specialty services are in the on-going cost calculation. The average annual on-going cost was inflated by 2.9%. The on-going cost per person for one full year is \$14,736 (\$1,228 x 12 months).

FY '15

Assume two un-helmeted individuals will be injured due to a motorcycle accident and be eligible or become eligible for MO HealthNet services. The initial hospitalization will be \$21,076 per person ($\$21,076 \times 2 = \$42,152$). The on-going medical costs will be \$14,736 per person for the year. Total annual cost to MHD is \$71,624. For fiscal note purposes, assume a 10-month cost of \$66,712 (\$24,620 GR).

FY '16

Assuming both FY15 injured people survive, the estimated cost for FY16 for these people will be a full year (12 month) on-going medical costs but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the two new individuals estimated to be injured in FY16. Costs are inflated by 5.09% annually. Total cost is \$106,242 (\$39,209 GR).

FY '17

Assuming all FY15 and all FY16 injured people survive, the estimated cost for FY17 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 two new people estimated to be injured in FY 17. Costs are inflated by 5.09% annually. Total cost \$144,196 (\$53,216 GR).

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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.

Officials from the **Office of the State Courts Administrator, Department of Public Safety - Missouri Highway Patrol** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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.

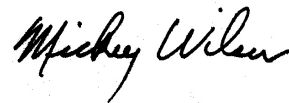
FISCAL DESCRIPTION

The proposed legislation appears to have no direct 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 Mental Health
Department of Public Safety
Office of the State Courts Administrator
Department of Revenue
Department of Social Services



Mickey Wilson, CPA
Director
March 7, 2014

Ross Strobe
Assistant Director
March 7, 2014