

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1336H.01I
Bill No.: HB 863
Subject: Labor and Management; Workers Compensation; Employees - Employers; Labor and Industrial Relations, Department of
Type: Original
Date: April 12, 2021

Bill Summary: This proposal modifies provisions relating to workers' compensation for firefighters and other first responders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Other State Funds*	(Unknown)	(Unknown)	(Unknown)
Workers= Compensation Administration Fund (0652)	(\$84,645)	(\$17,352)	(\$17,786)
Colleges & Universities*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed (\$84,645)	Could exceed (\$17,352)	Could exceed (\$17,786)

*Oversight assumes the fiscal impact could exceed the \$250,000 Fiscal Review threshold.
Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds			

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Labor and Industrial Relations (DOLIR) – Division of Workers' Compensation (DWC)** assume that any potential fiscal impact would arise out of ITSD work and costs associated with making changes to the Division's Automated Integrated Computer System (AICS). The Division is in the process of updating its legacy computer system (AICS). This legislation will require the Division to make changes to AICS, and/or to incorporate the same into the future database modernization system that is currently being coordinated with ITSD and CITGC, in order to appropriately classify and record the occupational disease information required under this Bill

Section 287.068.2 requires the Division to prepare a report that contains information related to the presumptive cancer claims described in section 287.068.1. The report, in relevant part, shall track the number of "approved claims," "disapproved claims," and the "cost related to claims" set forth under section 287.068.1.

- The Division reads "approved claims" to mean claims that are resolved by the issuance of an Award by an Administrative Law Judge (ALJ) following an evidentiary hearing or by the approval of a Settlement Agreement under section 287.390, RSMo.
- The Division reads "disapproved claims" to mean claims that are resolved or shown as closed in the Division's system based on an ALJ's Order of Dismissal. This would also include denied claims and claims where benefits have not been awarded because the presumption(s) created under section 287.067 has been rebutted.
- The Division reads "cost related to claims" to include benefits awarded pursuant to an award or settlement. Under Chapter 287, this may include medical expenses, temporary total disability, temporary partial disability, permanent partial disability, permanent total disability, and death benefits.

The Division anticipates being able to absorb any costs related to the creation of any new correspondence, forms, and website changes, as well as modifications to existing correspondence and forms, based on this proposed legislation. As currently read, this legislation does not appear to impose any additional administrative duties upon the Division beyond the data collection and reporting discussed above. Any changes to this legislation that seeks to impose additional obligations on the Division could change the cost estimates set forth herein.

Oversight notes **DWC** assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes need to the AICS. ITSD estimates cost of \$86,645 (\$95/hr. x 891 hrs.) for

FY 2022. The ITSD additionally assumes the proposal will require \$17,352 in FY 2023 and \$17,786 in FY 2024 for ongoing maintenance.

Oversight notes that the DOLIR has stated the proposal would not have a direct fiscal impact on their agency other than ITSD costs. Oversight assumes that the agency will be able to absorb costs related to the creation of any new correspondence, forms, and website changes, as well as modifications to existing correspondence and forms, based on this proposed legislation. Oversight will reflect the costs on the Workers Compensation Fund 0652 on the fiscal note.

Officials from the **Office of Administration (OA)** assumed the proposal changes the definition of occupational disease and creates a new presumption for occupational diseases, including cancer contracted by a paid or volunteer firefighter. This change could lead to increased defense and award costs for the state, but the amount of such increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case.

Oversight notes that the potential claims could be awarded in cases of, and as included in Section 287.067.6(1)., “diseases of the heart or cardiovascular system including, but not limited to, diseases of the blood or bone marrow, hypotension, and hypertension; and diseases of the body systems or organs from carcinoma.”

Oversight notes the subparagraph (2) adds psychological stress and mental disorders which arise from the employment and will have an effect on worker’s compensation claims maybe recognized as occupational diseases of paid, volunteer, or retired firefighters [of a paid fire department] , paramedics, emergency medical technicians, or paid peace officers of a police department who are certified under chapter 590.

Oversight

Oversight notes that proposal has a potential negative fiscal impact on the state. The impact is unquantifiable without knowing the increase with respect to the number of persons who will be diagnosed as having an occupational disease. Therefore, Oversight will reflect a \$0 or negative unknown fiscal impact to General Revenues.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have a direct unknown negative fiscal impact, but likely less than \$250,000 annually.

Officials from the **Missouri Department of Transportation, Department of Commerce and Insurance, Department of Public Safety – Capital Police, Department of Public Safety – Fire Safety, Department of Public Safety – Gaming Commission, Department of Public Safety – National Guard, and Department of Public Safety – State Emergency Management Agency** each assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Public Safety – Missouri State Highway Patrol** defer to **Missouri Department of Transportation – Medical Plan** for the potential fiscal impact of this proposal.

Officials from the **University of Central Missouri** has determined a potential for increased costs to the University but not possible to calculate impact at this time.

Officials from the **Missouri University System** assume the proposal expands workers' compensation benefits for first responders and lowers the threshold for receiving benefits. Given this, it has the potential to adversely impact the university in excess of \$100,000.

Oversight notes the proposal has a potential negative fiscal impact on colleges and universities. The impact is unquantifiable without knowing the increase with respect to the number of persons who will be diagnosed as having an occupational disease. Therefore, Oversight will reflect a negative unknown fiscal impact for colleges and universities.

Officials from the **Missouri State University, Northwest Missouri State University, and State Technical College of Missouri** each assume the proposal will have no fiscal impact on their organization.

Officials from the **City of Kansas City** assume this proposal could have a negative fiscal impact on the City of an indeterminate amount. Kansas City has the largest number of firefighters in the State of Missouri. The workers' compensation costs for medical care, wage loss payments and payments for permanent partial or permanent total disability will increase substantially.

Officials from **the City of O'Fallon** assume the proposal would have a direct fiscal impact on their organization.

Officials from the **City of Springfield** assume the City anticipates a negative fiscal impact from this bill due to the bill's expansion of what may be considered an occupational disease. The amount of negative impact is difficult to estimate, but would be likely to be \$500,000 per year or more.

Officials from the **Crestwood Police Department** assume the proposal would have a direct impact since the City employs firefighters and police officers. Should one of the city's first responders need to take an extended period of leave in reference to an ailment/disease contracted while working in an official capacity, the city could incur costs associated with compensation and or overtime for other first responders that are needed to replace the employee that is on leave. At this time it is not possible to make any sort of exact determination of what those costs could be.

Officials from the **Crawford County 911 Board – Ambulance & EMS** assume the proposal would have a direct fiscal impact in that could significantly increase the premium for workers compensation insurance. Double or even triple the cost.

Oversight notes the proposal has a potential negative fiscal impact on political subdivisions. The impact is unquantifiable without knowing the increase with respect to the number of persons who

will be diagnosed as having an occupational disease. Therefore, Oversight will reflect negative unknown fiscal impact.

Officials from the **City of Corder, Ellisville Police Department, Kansas City Police Department, Saint Louis County – Police Department, Nodaway County Ambulance District, and High Point R-III School District** each assume the proposal will have no fiscal impact on their organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other state agencies, counties, cities, and fire districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost - Workers= Compensation Claims</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
WORKER=S COMPENSATION FUND (652)			
<u>Cost - DOLIR - ITSD</u>	<u>(\$84,645)</u>	<u>(\$17,352)</u>	<u>(\$17,786)</u>
ESTIMATED NET EFFECT ON THE WORKER=S COMPENSATION FUND IR - ITSD	<u>(\$84,645)</u>	<u>(\$17,352)</u>	<u>(\$17,786)</u>
VARIOUS STATE AGENCIES FUNDS			

<u>Cost -</u> Workers= Compensation Claims	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON VARIOUS STATE AGENCIES FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
COLLEGES AND UNIVERSITIES			
<u>Cost -</u> Workers= Compensation Claims	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON COLLEGES AND UNIVERSITIES	<u>(Unknown)</u>	<u>Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> Workers= Compensation Claims	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows firefighters and first responders to receive Workers' Compensation for diseases of the heart or cardiovascular system, any infectious diseases, diseases of the body systems or organs from carcinoma, and diseases of the lungs or respiratory tract. Any such disease contracted by paid, volunteer, or retired firefighters, paramedics, or emergency medical technicians shall be presumed to be an occupational disease if there is reasonable medical evidence that such employee was free of the disease at the beginning of his or her employment. The employer of the firefighter or first responder has a duty to provide such reasonable medical evidence.

If the employer does not provide reasonable medical evidence, then the first responder will have the benefit of the presumption regardless of the absence of medical evidence. Diseases of the body systems or organs from carcinoma are references to cancer and presumed to be an occupational disease if:

- (1) The first responder has been assigned to at least 5 years of hazardous duty,
- (2) The first responder was exposed to an agent classified by the International Agency for Research on Cancer,
- (3) Fewer than 20 years have elapsed since the first responder was last assigned to hazardous duty; and
- (4) At the time of the diagnosis of cancer, the first responder was under the age of 70.

However, this presumption can be rebutted, as described in the bill.

Mental disorders may be recognized as occupational diseases and may be defined to be a disability due to stressful exposures, if such psychological stress or mental disorders arise from their employment.

The Division of Workers' Compensation must prepare and submit a report regarding presumed cancer claims before August 28, 2022 and an updated report every two years thereafter. This report shall be provided to the Speaker of the House of Representatives, the Minority Leader of the House, the President Pro Tem, and the Minority Leader of the Senate, The Missouri Association of Fire Chiefs, The Fire Fighters Association of Missouri, and the Missouri Municipal League.

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 Labor and Industrial Relations

Office of Administration

Missouri Department of Transportation

Department of Commerce and Insurance

Department of Public Safety

- Capital Police
- Fire Safety
- Gaming Commission
- National Guard
- State Emergency Management Agency

University of Central Missouri

Missouri University System

Missouri State University

Northwest Missouri State University

State Technical College of Missouri

City of Kansas City

City of O'Fallon

City of Springfield

Crestwood Police Department

Crawford County 911 Board Ambulance & EMS

City of Corder

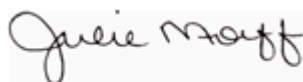
Ellisville Police Department

Kansas City Police Department

Saint Louis County – Police Department

Nodaway County Ambulance District

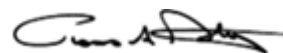
High Point R-III School District



Julie Morff

Director

April 12, 2021



Ross Strobe

Assistant Director

April 12, 2021