

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2588H.01I
Bill No.: HB 1249
Subject: Workers Compensation; Labor and Management; Employees - Employers; Health Care; Emergencies; Insurance - General
Type: Original
Date: March 22, 2021

Bill Summary: This proposal modifies provisions relating to workers' compensation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

Budget Request 2020 assumes there are 1,300 FTE State Troopers in Missouri. If only 6.5% of those request PTSD treatment, and each deemed a valid case, the State of Missouri would have minimal expenses of \$98,600 (85\$1,160 – lower estimate for treatment) to \$401,540 (85*\$4,724).

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

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	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Using the lower spectrum of those first responders affected with PTSD (6.5%), within the first responder sub group (firefighters) could require expenses ranging from \$1,885,000 (1,625*\$1,160) to \$7,676,500 (1,625*\$4,724) to the local political subdivisions.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would not have a direct fiscal impact on their organization.

Oversight notes that DOLIR further elaborated on this proposal and determined that a change in coverage will not cost DOLIR/DWC more money to administer. Additionally, since the vast majority of “first responders” are public employees (not small business employees), this legislation should not have a significant impact on private businesses (regardless of whether the premiums for public employers may or may not rise).

Officials from the **Attorney General’s Office, Department of Public Safety – Capital Police, Department of Public Safety – Fire Safety, and Department of Public Safety – State Emergency Management Agency** each assume the proposal will not have a direct fiscal impact on their respective organizations.

Officials from the **Missouri Department of Transportation (MoDOT)** assume the proposal will not have a direct fiscal impact on their organization.

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

Officials from the **Office of Administration (OA)** assume the legislation, specifically Section 287.067.9, creates a provision that PTSD is recognized as an occupational disease for first responders. This change will affect the proof requirements to establish the injury of occupational disease for first responders, and the costs to the state are unknown. The amount of cost increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

Oversight notes, for illustrative purpose of this note, South Carolina passed similar bill, S429 (2016), and noted the “State Accident Fund indicates this bill would have an expenditure impact on the general fund, but an estimate could not be determined as the costs will depend upon the number of workers' compensation claims filed in a given year. This bill is not expected to impact federal funds or other funds.”

Additionally, “this bill would have a local expenditure impact on municipal and county governments of \$1,950,000 to \$5,475,000 in FY 2015-16 based on estimates from the Municipal Association and counties on increased premium costs and incurred claims expenses.” (Source: https://www.scstatehouse.gov/sess121_2015-2016/prever/429_20150430.ht).

Oversight notes that the South Carolina General Assembly appropriated \$500,000 annually to the Workers Compensation Fund, since the passage of similar PTSD legislation S326 in 2016, to pay for PTSD claims for first responders. (Source: https://www.scstatehouse.gov/sess123_2019-2020/appropriations2019/tap1b.htm)

Oversight notes that the Ohio General Assembly, while passing H.B 308 concerning First Responder PTSD legislation, estimated that it is possible the bill might in future years affect the state and political subdivisions' costs and liabilities related to PTSD compensation and benefits. The General Assembly also noted that it will need to transfer \$500,000 into a special fund maintained by OMB Office to take care of such a claims.

(Source: <https://www.legislature.ohio.gov/download?key=15338&format=pdf>)

Oversight also notes that Florida Department on Financial Services stated, in regards to fiscal analysis of similar proposal (2018 House Bill 227 First Responders PTSD), that this proposal would have likely significant negative impact to the state and local political subdivisions. However, the amount is indeterminate depending on variation of number of claims meeting the requirements of the proposal.

(Source: http://gencourt.state.nh.us/SofS_Archives/2018/house/SB553H.pdf).

Oversight notes that the officials from OA note that the cost for the state is Unknown.

Oversight does not have any information to the contrary. Therefore, Oversight will range the impact from zero impact (no future claims of PTSD) to a negative Unknown (employees will be filing PTSD claims and meet the requirement of the proposal) in the fiscal note.

\$250,000 threshold of negative impact to the General Revenue

Oversight notes the Budget Request 2020 assumes there are 1,300 State Troopers in Missouri. If only 6.5% of those request PTSD treatment, and each deemed as a valid case, the State of Missouri would have minimal expense of \$98,600 (85*\$1160 – lower estimate for treatment) to \$401,540 (85*\$4724).

Oversight notes that the above estimates are based on lowest possible percentage of such a cases filed within the first responders sub-group, therefore, the expense could reach greater amount of expense in the future years.

Officials from the **City of Kansas City** assume this legislation would have a negative fiscal impact on Kansas City by increasing the number of workers compensation claims made against the City.

Officials from the **City of Springfield** assume the proposal would have a direct fiscal impact on their respective organization and the City of Springfield estimates a negative fiscal impact of \$500,000 per year from this bill based on increased claims.

Oversight notes that for purpose of this note “first responders” defined in RSMo 67.145.2 as “emergency first responders, police officers, sheriffs, deputy sheriffs, firefighters, ambulance attendants and attendant drivers, emergency medical technicians, mobile emergency medical technicians, emergency medical technician-paramedics, registered nurses, or physicians.”

Oversight notes that according to the U.S National Library of Medicine – National Institute of Health, the rates of PTSD among firefighters appear elevated, with point prevalence estimates ranging from 6.5% to 30%. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5825264/>)

In response to the proposal **Department of Public Safety – Fire Safety** noted that the division of Fire Safety estimates there to be 25,000 fire fighters in the State of Missouri. Of those, they estimated to be full time career fire fighters, with the reminder serving in voluntary or partly – voluntary status.

Oversight notes that if only 6.5 % of the professional firefighters is diagnosed with PTSD it would represent 1,625 first responders with PTSD within the first responders sub group.

A study by Rand Company found that the annual cost ranges from about \$1,160 to \$4,724 per person (though this data is from 2008, Tanielian says there is little reason to think that these numbers would have changed significantly). <https://www.marketwatch.com/story/what-ptsd-costs-families-2014-04-04>

Additionally, the total annual cost for health care for a veteran who had PTSD was estimated to be \$11,342, which was more than double the annual VA health care cost of a veteran without PTSD; 73.1% of health care costs for veterans who had PTSD was for non-mental health services ([Watkins et al., 2011](https://www.ncbi.nlm.nih.gov/books/NBK224872/)). <https://www.ncbi.nlm.nih.gov/books/NBK224872/>

Oversight notes that above estimated amount indicates the total price is a partially mental health and partially non-mental health services. The actual cost for only mental health service is:

	Total PTSD expense per person	\$ 11,342
-	Non mental health services (73.1%)	\$ 8,291
=	Mental health services only	\$ 3,051

Oversight notes that for purpose of this fiscal note the Oversight will estimate the cost using the Rand study.

Oversight notes that using the lower spectrum of those affected with PTSD (6.5%), within the first responder sub group (firefighters) could require cost ranging from \$1,885,000 (1,625*\$1,160) to \$7,676,500 (1,625*\$4,724) to the local political subdivisions.

Oversight notes the City of Kansas City and City of Springfield both assume the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a range the impact from \$0 (no cases of PTSD are diagnosed) to a negative unknown (the employees are diagnosed with PTSD) in the fiscal note.

Officials from the **City of Corder**, **City of Claycomo**, **Kansas City Police Department**, **Saint Louis County Police Department**, **Crawford County 911 Board**, and **Nodaway County Ambulance District** each assume the proposal would not have a direct fiscal impact on their respective organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other political subdivisions 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 - payments to treat PTSD cases</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISION			
<u>Cost – employees expense to treat PTSD cases</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
NET EFFECT ON LOCAL POLITICAL SUBDIVISION	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

This proposal could potentially affect all small businesses that have employees recognized as first responders.

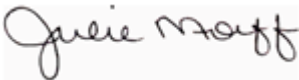
FISCAL DESCRIPTION

This bill recognizes posttraumatic stress disorder (PTSD) as an occupational disease, under Chapter 287, RSMo dealing with workers compensation, when diagnosed in specified first responders.

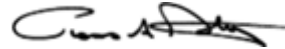
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Attorney General's Office
Department of Public Safety
Capital Police
Fire Safety
State Emergency Management Agency
Missouri Highway Patrol
Missouri Department of Transportation
City of Kansas City
City of Springfield
Kansas City Police Department
Saint Louis County Police Department
Crawford County 911 Board,
Nodaway County Ambulance District



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