

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4743H.02P
 Bill No.: Perfected HCS for HB 2375
 Subject: Workers Compensation; Department of Labor and Industrial Relations; Courts;
 Insurance - General; Employees - Employers
 Type: Original
 Date: February 4, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Estimated impact for potential cost avoidance from changes to workers' compensation claims. Oversight assumes these amounts could exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Workers' Compensation Fund (1652)*	(\$763,294)	(\$886,951)	(\$902,430)
Workers' Compensation – Second Injury Fund (1653)**	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Colleges & Universities***	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	Unknown to (\$763,294)	Unknown to (\$886,951)	Unknown to (\$902,430)

*Oversight notes DOLIR's estimated cost for 6 FTE (2 ALJs, 2 Docket Clerks, 1 Attorney, and 1 Clerical Staff) depending on the volume of claims.

**Oversight notes that §§287.020.3(1) and §287.067.2 & .3, 287.445, and 287.510 potential cost avoidance for the State.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Workers' Compensation (1652)	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE

- 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 2027	FY 2028	FY 2029
Local Government*	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

* Oversight notes the potential cost avoidance or cost increases from changes to workers' compensation claims. Oversight assumes these amounts could exceed the \$250,000 threshold.

FISCAL ANALYSIS

ASSUMPTION

§§287.020, 287.067, 287.140, 287.243, 287.270, 287.510, and 287.655 – Workers Compensation

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposed legislation creates a process for an employer to seek dismissal of a workers' compensation claim on enumerated grounds. The process would be in addition to the existing process in §287.655 RSMo for seeking dismissal on the grounds of failure to prosecute. The Division of Workers Compensation (DWC) will have to expedite the setting of cases on pre-hearings, mediations, or hearings. DOLIR would need two more judges to be able to accommodate the expedited settings. Docket Clerks would be needed to schedule the expedited settings and send correspondence accordingly. There would be an estimated postage cost due to an increase in potential continuances (\$15,000).

Labor and Industrial Relations Commission (LIRC): The proposed legislation creates a process for seeking dismissal of a claim on enumerated grounds in addition to the existing process in §287.655 RSMo for seeking dismissal on the ground of failure to prosecute. The LIRC expects the process created by the proposed new §287.445.1 RSMo will increase the number of appeals to the LIRC from ALJ orders granting motions to dismiss. While the process in the proposed new §287.445.1 RSMo does not expressly authorize appeals to the LIRC from an ALJ's order denying a motion to dismiss, the LIRC expects to receive such appeals and will be required to expend resources processing those appeals and addressing whether each such appeal may be considered or must be dismissed. The proposed legislation adds a statement in §287.510 RSMo that temporary/partial awards shall be subject to review and appeal after the final award. It is unknown if the addition of that statement will replace or simply provide an alternative to the existing process under regulation 8 CSR 20-3.040(2) for seeking immediate review of a temporary/partial award on the ground that the applicant is not liable for the payment of any compensation. To the extent that the proposed modification of §287.510 RSMo would eliminate and replace the existing limited right to immediately appeal a temporary/partial award under 8 CSR 20-3.040(2), the LIRC expects the proposed legislation will result in more complex appeals that require review and resolution of issues relating to both the temporary/partial award and the final award. The increased workload for the LIRC resulting from the changes to Chapter 287 proposed in this bill will require one FTE clerical staff and an additional one FTE attorney. The estimated cost of additional personnel.

Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect the estimated costs for the additional FTEs and postage as noted by DOLIR.

Oversight notes that, per 2025 DOLIR Annual Report, the DWC conducted 603 hearings, dismissed 8,000 claims, and approved 17,000 compromise settlements involving insurance, Second Injury Fund, and medical disputes. (Source: [Department of Labor Annual Report \(2025\) page 20.](#))

Officials from the **Office of Administration (OA)** assume:

§287.020.3(1) and §287.067.2 & .3 – This bill proposes changes to the definition of “injury” and “compensable injury” by accident and occupational disease in the workers’ compensation act. These provisions appear to change the burden of proof in workers’ compensation and could decrease the scope of the state's liability. Potential cost avoidance to the state is unknown. The amount of cost avoidance, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

§287.445 – This bill proposes the addition of language that allows the employer to file a motion to dismiss within 180 days of the filing when an employee fails to comply with setting forth a valid claim based upon specific circumstances. This could decrease the scope of the state’s liability. Potential cost avoidance to the state is unknown. The amount of cost avoidance, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

§287.510 This provision removes the language that outlines if unpaid compensation ordered with a temporary or partial award is not complied with it can be doubled in the final award and provides language to support a review and appeal after the date of final award. This could decrease potential cost to the state. The potential cost unknown and cannot be estimated would depend on the facts and circumstances of each case and judicial interpretation of the changes.

In response to similar legislation, HCS for HB 497 (2025), officials from the OA noted, any judgment against the employer (in this case any state agency) is paid out of the general revenue fund.

In a revised response to the previous version, HB 2375 (2026), officials from OA stated after reviewing 287.270.2, OA does not believe it would have a fiscal impact. Their response is no impact for provision 287.270.2 of the proposed legislation. The remaining responses on that fiscal note remain the same.

Oversight will show a range of impact from zero to an unknown positive to general revenue, the Workers Compensation Second Injury Fund (1653), colleges/universities and local political subdivisions beginning FY 2027 if there is an increase in employers filing motions to dismiss and/or a decrease in the amounts awarded.

Oversight notes that according to the National Council on Compensation Insurances’(NCCI), Workers’ Compensation Costs, the average cost for all claims combined for accidents that occurred in 2022-2023 was \$47,316. [Worker's Compensation Cost](#)

Oversight notes that it would take approximately 5 workers to receive a favorable judgement, for the employer to pay the medical bills, to reach the \$250,000 threshold.

Officials from **Central Missouri University** assume the proposal will have an indeterminate fiscal impact on their respective organization.

Officials from the **City of Kansas City** assume the proposal would have a potential positive fiscal impact to the City.

Officials from the **Northwest Missouri State University** and **University of Missouri System** both assume the proposal will have no fiscal impact on their organization.

In response to a previous version, HB 2375 (2026), officials from the **City of O'Fallon** assumed the potential cost may possibly be under \$100,000 per year.

Oversight will show a range of impact from zero to an unknown cost to local political subdivisions beginning FY 2027 if an employer is required to pay disputed medical bills or there are additional costs to implement.

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Public Safety – Director's Office, Missouri Department of Transportation, Office of the State Courts Administrator, and MoDOT & Patrol Employees' Retirement System** each assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost Avoidance – OA (§§287.445, 287.510, 287.020.3(1) and §287.067.2-3) Reduction in workers compensation claims/awards p.4</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
WORKERS’ COMPENSATION FUND (1652)			
<u>Cost – DOLIR (§§287.445, 287.510 and 287.665) p.3</u>			
Personnel Service	(\$430,698)	(\$527,174)	(\$537,718)
Fringe Benefits	(\$254,907)	(\$310,046)	(\$314,286)
Expense & Equipment	(\$62,689)	(\$34,731)	(\$35,426)
Total Costs – DOLIR	(\$748,294)	(\$871,951)	(\$887,430)
FTE Change - DOLIR	6 FTE	6 FTE	6 FTE
<u>Cost – DOLIR (§287.655) Postage p.3</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>
ESTIMATED NET EFFECT ON WORKERS’ COMPENSATION FUND (1652)	<u>(\$763,294)</u>	<u>(\$886,951)</u>	<u>(\$902,430)</u>
Estimated Net Effect on Workers’ Compensation Fund FTE	6 FTE	6 FTE	6 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
WORKERS’ COMPENSATION SECOND INJURY FUND (1653)			
<u>Cost Avoidance</u> – (§§287.445 & 287.510) Reduction in workers compensation claims/awards p.4	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON WORKERS’ COMPENSATION SECOND INJURY FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
COLLEGES AND UNIVERSITIES			
<u>Cost Avoidance</u> - (§§287.445 & 287.510) Reduction in workers compensation claims/awards p.4	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON COLEGES AND UNIVERSITIES	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - (§287.270.2) Requirement to pay disputed medical bills and costs to implement p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost Avoidance</u> - (§§287.445 & 287.510) Reduction in workers compensation claims/awards p.5	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under current law, an injury is compensable if the accident was the prevailing factor in causing both the resulting medical condition and disability. This bill provides that the injury is compensable if the accident was the prevailing factor in causing the injury, the resulting medical condition, the disability, and the need for treatment. The bill modifies the definition of injury due to an occupational disease; injury due to repetitive motion; and the "prevailing factor" definition.

In addition, for an employee to receive medical treatment, the accident or occupational disease must be the prevailing factor in causing the injury, the resulting medical condition and the need for treatment.

The bill requires consideration of any savings or insurance of the injured employee from governmental or private sources, benefits derived from the employer's insurance, and any savings or payments through insurance procured or sponsored by the employer, when determining compensation, as specified in the bill.

This bill requires administrative law judges (ALJ) or the Labor and Industrial Relations Commission (LIRC) to have the authority to order employers to make payments only to the medical provider or providers to whom bills are due in cases where they determine the employer is responsible for disputed medical bills.

The bill authorizes an employer to file a motion to dismiss a claim for compensation within 180 days of filing a claim, if the Division of Workers' Compensation has not already set the matter for a prehearing conference, mediation conference, or hearing. The employer can file a motion to dismiss the claim, raising one or more grounds provided in the bill. The bill outlines the evidence to be submitted by the parties relating to the issues to be determined at the evidentiary hearing and the timeline for an ALJ to issue an order which is subject to review by the LIRC. The employer can file the motion to dismiss to specifically raise one or more of the following arguments:

- (1) That the employee did not notify the employer in a timely manner or file the claim in a timely manner;
- (2) That the employee was not performing work for the employer at the time when the alleged injury occurred;
- (3) That the employer is not liable due to the employee's intoxication from use of alcohol or controlled substances; or

(4) That the claimant was not employed by the employer when the alleged incident occurred.

Under current law, a temporary or partial award of compensation can be modified and kept open until a final award can be issued and if the temporary or partial award is not complied with, the compensation amount awarded and unpaid can be doubled in the final award. This bill repeals this penalty language and specifies that the temporary or partial award is subject to review and appeal after the date of the final award.

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 - Administrative Hearing Commission
Office of the Secretary of State
Office of Administration
Department of Public Safety – Director’s Office
MoDOT & Patrol Employees’ Retirement System
City of Kansas City
City of O’Fallon
University Missouri System
Northwest Missouri State University
Central Missouri University

Julie Morff
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