

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0926-01
Bill No.: HB 310
Subject: Transportation; Motor Vehicles
Type: Original
Date: February 17, 2015

Bill Summary: This proposal specifies that only motorcycle riders under the age of 18 or operating with a motorcycle training permit shall wear a helmet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposed legislation specifies that any person under eighteen years of age, or who has been issued an instruction permit, must wear protective headgear at all times when operating or riding as a passenger on any motorcycle or motortricycle.

DHSS officials state changing the helmet law to only require any person under eighteen years of age, or who has been issued an instruction permit, to wear protective headgear at all times when operating or riding as a passenger on any motorcycle or motortricycle will increase the number of adults incurring a traumatic brain injury, thus there will be an increase in participants requesting services through the Adult Brain Injury (ABI) Program.

Based on the most recently published motorcycle crash statistics by the Missouri State Highway Patrol, there were 2,065 motorcycle crashes that resulted in personal injuries in 2012. Of these 2,065 motorcycle crashes, based on population estimates it is estimated that 80 percent of those crashes would involve persons age 21 and older. According to a National Occupant Protection Use Survey, it is also estimated that half of those would not be wearing a helmet if this proposed legislation is passed resulting in 826 individuals involved in a motorcycle crash while not wearing a helmet ($2,065 \times .80 \times .50 = 826$). Based on assessment of other states, if 50 percent of those individuals experience a traumatic brain injury (TBI), and 50 percent of those with a TBI are eligible for the ABI program, there would be an additional 207 new enrollments to the ABI Program per year ($826 \times .50 \times .50$).

The current average cost per participant to provide rehabilitation services through the ABI Program is \$5,200 per year. The total needed for rehabilitation services would be \$1,076,400 ($\$5,200 \times 207$ participants). The increase in participants would also require the ABI Program to add five additional service coordinators, based on the fact that currently there is an average of 40 participants per service coordinator caseload. Service coordinators provide case management for participants enrolled in the ABI program and are contracted through local public health agencies (LPHA) at a cost of \$61,800 per service coordinator.

ASSUMPTION (continued)

The total needed for all five additional service coordinators would be \$309,000 (\$61,800 x 5 service coordinators).

Participation in the ABI Program is subject to available funding and without additional funding any potential new participants will be added to a waiting list for rehabilitation services. Currently, there are 56 Missourians on the ABI Program wait list, with a wait time of over 259 days before rehabilitation services are started through the program. It is clear that additional program participants would result in the ABI Program requesting additional funding for the program. The total needed to cover the costs for the additional participants would be at least \$1,397,773 per year.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state currently, all users of motorcycles and motortricycles are required to wear protective headgear when the vehicle is in motion. This bill specifies that motorcycle or motortricycle riders under the age of 18, or operating with a training permit shall wear a helmet.

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.

MHD estimates there will be 22 additional head-injury cases each year if the helmet law is repealed for people age 18 and over. It is estimated that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

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 2016 through 2018. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY '03 through FY '15. Therefore, the initial cost is estimated to be \$22,149 in FY '16.

ASSUMPTION (continued)

The average annual cost for on-going medical costs is based on the first three months of FY `15 (July 2014 through September 2014). 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 1.9%. The on-going cost per person for one full year is \$14,364 (\$1,197 x 12 months).

FY `16

MHD assumes 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 \$22,149 per person ($\$22,149 \times 2 = \$44,298$). The on-going medical costs will be \$14,364 per person for the year. Total annual cost to MHD is \$73,026. For fiscal note purposes, assume a 10-month cost of \$68,238 (\$25,028 GR).

FY `17

MHD assumes both FY `16 injured people survive, the estimated cost for FY `17 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 FY `17. Costs are inflated by 5.09% annually. Total cost is \$106,932 (\$39,219 GR).

FY `18

MHD assumes all FY `16 and all FY `17 injured people survive, the estimated cost for FY `18 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 `18. Costs are inflated by 5.09% annually. Total cost \$144,100 (\$52,852 GR).

Data from the Missouri State Highway Patrol, United States Census Bureau, Centers for Disease Control, and fiscal data from the Division of Developmental Disabilities were utilized to arrive at an estimated fiscal impact.

Oversight assumes some people 18 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.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

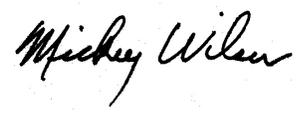
FISCAL DESCRIPTION

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 Revenue
Department of Public Safety
 Missouri Highway Patrol
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
Office of the State Courts Administrator



L.R. No. 0926-01
Bill No. HB 310
Page 7 of 7
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