

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1251-04  
Bill No.: HCS for HB 321  
Subject: Employees - Employers; Labor and Industrial Relations Dept.; Workers' Compensation  
Type: Original  
Date: February 14, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Various	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on Other State Funds</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from **Jackson County, St. Charles County, Greene County, Boone County, City of St. Louis** and **City of Independence** did not respond to our fiscal impact request.

Officials from the **Department of Transportation (DHT)** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, DHT assumed the proposal would reduce Workers' Compensation payments, therefore resulting in a positive fiscal impact. DHT noted they are unable to determine the amount of reduction in the Workers' Compensation payments and assume the fiscal impact is unknown.

Officials from the **St. Louis County** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, officials assumed if mental illness or anguish is considered to be an occupational peril, such actions would have significant impact on the cost of Workers' Compensation but it would be nearly impossible to predict in terms of cost.

**Oversight** assumes the proposal does not indicate mental illness or anguish to be an occupational disease and therefore shows no cost to Workers' Compensation.

ASSUMPTION (continued)

Officials from the **Department of Conservation, Office of the State Courts Administrator, Central Missouri State University, Southwest Missouri State University and Truman State University** assume the proposal would have no fiscal impact on their agencies.

Officials from the **City of Springfield (COS)** assume the proposal would not affect revenues, costs, or losses. COS assumes the proposal would result in savings although they do not have the data to accurately project the amount of savings. COS notes, for particular cases, the savings could be substantial.

Officials from the **City of Jefferson (CJC)** assume the proposal would not affect revenues, costs, or losses. CJC assumes the proposal would reduce the number of potential workers' compensation incidents for which the employer would be liable which would result in an indeterminate savings.

Officials from the **University of Missouri** assume the proposal pertains to Workers' Compensation claims and would not have a negative fiscal impact on the University.

Officials from the **Office of Administration – Division of General Services** assume the proposal will result in potential cost savings to Workers' Compensation which cannot be determined at this time.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the proposal would have an impact on the current services provided to various stakeholders by the Division of Workers' Compensation (Division). DOL states the proposed revisions to Chapter 287, RSMo, would require a revision to the Division's existing forms, probable rule revisions and a change in the current procedure of handling claims. DOL assumes implementation of the proposal would require two additional FTE: a Mediator with an annual salary of \$40,000 and a Senior Office Support Assistant with an annual salary of \$23,184. DOL assumes the Information Specialist and Mediator who respond to employee calls and provide information regarding the employee's rights, benefits and obligations would need adequate training to perform their jobs. DOL notes the Division also maintains an 888 toll free number to respond to inquiries from the employer community and assumes information specialists would need additional training to answer questions relating to this proposal. DOL assumes the cost to the Division for additional FTE, including salaries, fringe and expense and equipment to be approximately \$105,000 annually.

**Oversight** assumes DOL would change rules, regulations and forms with existing appropriations. **Oversight** also assumes additional duties resulting from the proposal could be

absorbed.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**GENERAL REVENUE**

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**VARIOUS STATE FUNDS**

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**VARIOUS LOCAL FUNDS**

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers' Compensation benefits paid as a result of passage of this proposal.

DESCRIPTION

This proposal modifies the definitions "accident" and "injury" within Chapter 287, RSMo. This proposal also limits the applicability of an occupational disease within Chapter 287, RSMo, to cases where the occupational exposure was the dominant factor in causing the mental or physical condition or disability, rather than a substantial factor. Further, to be compensated for an occupational disease the claimant must satisfy the requirements of accidental injuries set forth in

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Section 287.020, RSMo.

DESCRIPTION (continued)

The proposal states that injuries that arise from idiopathic causes are not compensable. The proposal defines “dominant factor” and states that injuries sustained by cardiovascular, pulmonary, respiratory or myocardial infarction are to be regarded as compensable injuries only if the accident is the dominant factor in causing the disability or physical or mental condition.

This proposal restricts benefits for the aggravation of pre-existing conditions to those cases where a work-related injury causes increased permanent disability and reduces compensation by the amount of permanent partial disability that was pre-existing.

The proposal exempts from coverage personal health conditions that manifest themselves at work when an accident is not the dominant factor in the need for medical treatment and injuries from unknown causes. Deterioration from aging is currently listed as not compensable; the substitute adds deterioration from normal activities of day-to-day living.

This proposal 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  
Department of Conservation  
Office of the State Courts Administrator  
Central Missouri State University  
Truman State University  
City of Springfield  
University of Missouri  
Office of Administration – Division of General Services  
City of Jefferson  
Southwest Missouri State University

**NOT RESPONDING**

**Jackson County; St. Charles County; Greene County; Boone County; City of St. Louis; City of Independence; Department of Transportation; St. Louis County**

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial 'M' and a long, sweeping underline.

Mickey Wilson, CPA  
Director  
February 14, 2003