

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0964-01
Bill No.: Perfected HB 555
Subject: Motor Vehicles; Transportation
Type: Original
Date: April 30, 2013

Bill Summary: This proposal exempts motorcyclists age 21 and older from wearing a helmet when operating a motorcycle or motortricycle.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Funds	\$0	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Less than \$100,000)	(Less than \$100,000)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	(Less than \$100,000)	(Less than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Health and Senior Services (DHSS)** estimates that changing the helmet law to allow persons 21 years of age or older to operate or ride as a passenger on any motorcycle or motortricycle without a helmet could increase the number of brain-injured participants in the Adult Brain Injury Program. DHSS is unable to predict the number of participants this legislation would result in; however, the average cost per participant is \$5,600 per year. Participation in the program is subject to available funding, and without additional funding any potential new participants will likely be added to a waiting list. Currently, there are almost 200 Missourians on the Adult Brain Injury Program wait list, with a wait time of over two years before rehabilitation services are started through the program. Additional program participants may result in DHSS requesting additional funding for the program. Therefore, this legislation is expected to result in a zero to unknown fiscal impact.

Officials at the **Department of Mental Health** assume this proposes to remove the current state requirement for motorcyclists and riders 21 years of age and older to wear protective headgear. The Division of Developmental Disabilities (DD) eligibility provisions for Medicaid waived services require individuals to be less than 22 years old at the time their developmental disability is diagnosed. Under this legislation, persons age 21 who experience traumatic brain injury (TBI) as a result of a head injury sustained during a motorcycle accident while not wearing protective headgear could become eligible for waived services through the division. Additionally, individuals suffering from severe head injuries are at a greater risk of developing behavioral and/or drug and alcohol disorders, and may qualify for services through the Division of Behavioral Health. Concordantly, the fiscal impact of serving additional individuals who experience severe head injury resulting from not wearing protective headgear is an unknown cost.

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.

The DHSS estimates there will be 20 additional head-injury cases each year if the helmet law is repealed for people age 21 and over. It is estimated that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

ASSUMPTION (continued)

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 2014 through 2016. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY03 through FY13. Therefore, the initial cost is estimated to be \$20,055 in FY14.

The average annual cost for on-going medical costs is based on the first three months of FY13 (July 2012 through September 2012). 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 3.9%. The on-going cost per person for one full year is \$13,500 (\$1,125 x 12 months).

FY14 = Assume 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 \$20,055 per person ($\$20,055 \times 2 = \$40,110$). The on-going medical costs will be \$13,500 per person for the year. Total annual cost to MHD is \$67,110. For fiscal note purposes, assume a 10-month cost of \$62,610 (\$23,876 GR).

FY15 = Assuming both FY14 injured people survive, the estimated cost for FY15 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 FY15. Costs are inflated by 5.09% annually. Total cost is \$98,900 (\$37,716 GR).

FY16 = Assuming all FY14 and all FY15 injured people survive, the estimated cost for FY16 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 16. Costs are inflated by 5.09% annually. Total cost \$133,752 (\$51,006 GR).

Officials at the **Department of Revenue (DOR)** assume this proposal would require changes to the agency website, Missouri Driver Guide and Missouri Motorcycle Manual and other printed

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ASSUMPTION (continued)

materials related to motorcycle operation and use of protective headgear. The estimated cost of the impact would be \$2,480.

Oversight assumes DOR is provided with core funding to handle a certain amount of computer programming activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight assumes some people 21 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.

Officials at the **Missouri Highway Patrol** and the **Office of State Courts Administrator** each assume there is no fiscal impact to their organization from this proposal.

House Amendment 1 - motorcycle instruction permits:

In response to a similar proposal from this year (HB 655), officials from the **Department of Revenue** assumed:

§ 302.132.2 - an applicant issued a temporary motorcycle instruction permit may renew the permit two additional times, for a total maximum permit period of eighteen months.

Officials from the **Department of Revenue - Driver License Bureau (DLB)** state the proposed changes will be required:

1. Draft updates to website information;
2. Update office procedures;
3. Update the Missouri Motorcycle Operator's Manual and Missouri Driver Guide (on-line and printed versions); and
4. Develop change requirement documents for the Missouri Electronic Driver License issuance system to define number of renewals allowed for a temporary motorcycle permit.

DOR assumes a cost of \$12,044 (\$7,760 + \$2,120 + \$2,164) in FY 2014 to provide for the implementation of the changes in this proposal for this section.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

DOR also stated it is unknown as to how many fewer renewals the Department will process as a result of this legislation. Any decrease in revenue (\$1 per renewal) will be a loss to highways, cities and counties. Decreased renewals (if any) would not happen until eighteen months after the effective date of this proposal or FY 2015.

Oversight assumes the fiscal impact of this proposal will be (Less than \$100,000).

<u>FISCAL IMPACT - State Government</u>	<u>FY 2014</u> (10 Mo.)	<u>FY 2015</u>	<u>FY 2016</u>
HIGHWAY FUND			
<u>Loss - DOR</u> Reduced Renewal Fees (HA 1)	<u>\$0</u>	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>\$0</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2014</u> (10 Mo.)	<u>FY 2015</u>	<u>FY 2016</u>
CITIES AND COUNTIES			
<u>Loss - Cities</u> Reduced Renewal Fees (HA 1)	\$0	(Less than \$100,000)	(Less than \$100,000)
<u>Loss - Counties</u> Reduced Renewal Fees (HA 1)	<u>\$0</u>	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO CITIES AND COUNTIES	<u>\$0</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

House Amendment 1 allows a person who has been issued a temporary motorcycle instruction permit to renew the permit two additional times for a total maximum period of 18 months. Currently, specified restrictions are placed on temporary motorcycle instruction permit holders who are under 16 years of age. The proposal makes the specified restrictions apply to every permit holder regardless of age and repeals the restrictions regarding the limitation on the engine size and an operator not being able to travel more than 50 miles from the operator's home address.

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



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Acting Director
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