

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1203-01
Bill No.: HB 341
Subject: Motor Vehicles; Law Enforcement Officers and Agencies; Public Safety
 Department
Type: Original
Date: March 11, 2013

Bill Summary: This proposal specifies that the requirement that every person operating or riding on a motorcycle on any state highway wear protective headgear will not apply from August 1st through August 21st of each year.

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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 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	\$0	\$0

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 from August 1 through August 21, each year. 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. Since this legislation applies for only a specific time period of approximately one month and the motorcycle riding season in Missouri is approximately 6 months it is assumed 3 (20/6 months) additional head-injury cases will occur each year as a result of the passage of this legislation. It is estimated that 1 of these cases will be uninsured and require initial hospital care and each year one will incur on-going medical expenses.

RS:LR:OD

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 on-going cost per person for one full year is \$13,500 (\$1,125 x 12 months).

FY 2014 = Assume one un-helmeted individual 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. The on-going medical costs will be \$13,500 for the year. Total annual cost to MHD is \$33,555. For fiscal note purposes, assume a 10-month cost of \$31,305 (\$11,938 GR).

FY 2015 = Assuming the one FY14 injured person survives, the estimated cost for FY14 for this person 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 for one new individual and on-going medical costs for one individual injured in FY15. Costs are inflated by 5.09% annually. Total cost is \$49,450 (\$18,858 GR).

FY 2016 = Assuming the one FY14 and one 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 for one individual and on-going medical costs for the one new person estimated to be injured in FY 16. Costs are inflated by 5.09% annually. Total cost \$66,876 (\$25,503 GR).

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

ASSUMPTION (continued)

governments from the protective headgear exemption.

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

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<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.

L.R. No. 1203-01
Bill No. HB 341
Page 6 of 6
March 11, 2013

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



Ross Strope
Acting Director
March 11, 2013

RS:LR:OD