



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2019 Biennium

**Bill #** SB0072

**Title:** Create presumptive illness for firefighters

**Primary Sponsor:** Connell, Pat

**Status:** As Amended in Senate Committee

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Presumptive Disease Comp (DLI)	\$37,080	\$51,080	\$65,080	\$79,080
Tobacco Trust Interest Account	\$500,000	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	(\$250,000)	(\$250,000)
Presumptive Disease Comp (DLI)	\$500,000	\$0	\$250,000	\$250,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>

**Description of fiscal impact:** The bill creates a presumptive disease compensation fund out of which presumptive disease benefits would be paid on firefighter workers' compensation claims that have been denied by the workers' compensation insurer. As amended, the bill transfers a maximum of \$250,000 per year from general fund beginning in FY 2020 and \$500,000 by August 15, 2017 from the Tobacco Trust Interest account.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Labor and Industry (DoLI)**

1. There is currently a 2.5% tax on fire insurance premiums that is collected from insurers in Montana and deposited into the general fund pursuant to 50-3-109, MCA. The bill changes the distribution of this tax, effective July 1, 2019, to require that 2.17% be deposited into the general fund and that 0.33% be deposited into a state special revenue fund up to a maximum of \$250,000 each fiscal year for payment and administration of presumptive disease benefits. This is the amount used in the fiscal note for FY 2020 and FY 2021.
2. It is anticipated that the department will utilize the staff of the internal Technology Services Division to make the programming changes necessary to implement the bill. As the Technology Services Division will not

need to hire new staff or external contractors in order to complete this work, it is projected that any expense would be absorbed within existing appropriation.

3. It is anticipated that the rule changes necessary would be minimal and the department will be able to absorb the costs.
4. The department expects the number of claims eligible under this fund will increase due to the cost shift that will likely occur from private health insurers to the presumptive disease compensation fund due to the presumptive compensability of conditions but the department cannot accurately predict the increase in the number of claims, or the increased costs associated with those claims. Between 2004 and 2015, an average of two claims by firefighters have been denied workers' compensation coverage. It is assumed for this fiscal note that the average of at least two firefighter claims denied in Montana each year would be covered.
5. The average cost of a workers' compensation claim for FY 2016 was \$11,540. The length of the claim can vary but for this fiscal note, it is assumed each claim is one year for both anticipated new claims for a total of \$23,080 per fiscal year.
6. One additional cancer claim per year is anticipated based on review of other states that have adopted legislation to cover cancer. Their average annual cost is \$14,000 per person per year. Life expectancy cannot be projected. For fiscal note purposes, it is assumed this treatment will be ongoing and compounded each year. Costs are projected to be \$14,000 in FY 2018, \$28,000 in FY 2019, \$42,000 in FY 2020 and \$56,000 in FY 2021.
7. Based on assumptions 5 and 6, total medical costs are estimated to be \$37,080 in FY 2018, \$51,080 in FY 2019, \$65,080 in FY 2020, and \$79,080 in FY 2021.
8. It is assumed that medical benefits will be paid pursuant to the medical fee schedules that are applicable to the Workers' Compensation Act.
9. The department assumes all provisions related to the adjusting of claims and the benefits paid will be the same as currently defined in the Workers' Compensation Act including, but not limited to, payment of medical benefits using fee schedules, utilization and treatment guidelines and arranging for permanent impairment ratings; providing for stay-at-work/return-to-work assistance; payment of indemnity (wage loss) benefits; vocational rehabilitation benefits and services; death benefits for surviving dependents and providing the reopening provision of the five year claim closure.
10. Section 8(2)(ii)(b) states "If the balance of the presumptive disease compensation account provided for in [Section 5] exceeds \$1 million, the 2.5% tax collected under subsection (1) must be deposited into the general fund."
11. As amended, the bill transfers \$500,000 from the tobacco trust interest account to the presumptive disease compensation account. This transfer must be completed by August 15, 2017.

	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Tobacco Trust Interest Account	\$500,000	\$0	\$0	\$0
Presumptive Disease Benefits	\$37,080	\$51,080	\$65,080	\$79,080
<b>TOTAL Expenditures</b>	<b>\$537,080</b>	<b>\$51,080</b>	<b>\$65,080</b>	<b>\$79,080</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Tobacco Trust Interest Account	\$500,000	\$0	\$0	\$0
Presumptive Disease Comp (DLI)	\$37,080	\$51,080	\$65,080	\$79,080
<b>TOTAL Funding of Exp.</b>	<b>\$537,080</b>	<b>\$51,080</b>	<b>\$65,080</b>	<b>\$79,080</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	(\$250,000)	(\$250,000)
Tobacco Trust Interest Account	\$0	\$0	\$0	\$0
Presumptive Disease Comp (DLI)	\$500,000	\$0	\$250,000	\$250,000
<b>TOTAL Revenues</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	(\$250,000)	(\$250,000)
Tobacco Trust Interest Account	(\$500,000)	\$0	\$0	\$0
Presumptive Disease Comp (DLI)	\$462,920	(\$51,080)	\$184,920	\$170,920

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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