17.0286.01000

FISCAL NOTE
Requested by Legislative Council
01/10/2017

Bill/Resolution No.: HB 1261

1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

see attachment

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

see attachment

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Date Prepared: 01/13/2017

WORKFORCE SAFETY & INSURANCE
2017 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1261

BILL DESCRIPTION: Mental-Mental Injuries/Wage Calculation and Presumption of Compensability for Volunteer Firefighters and Other Emergency Volunteers

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuarial firm, Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation makes a mental injury arising from a mental stimulus compensable; alters the average weekly wage coverage for volunteer firefighters and other emergency volunteers; and creates a presumption of compensability for volunteer firefighters and other emergency volunteers for certain conditions.

FISCAL IMPACT:

Section 1

Not quantifiable due to insufficient data to permit a comprehensive evaluation of the potential rate level and reserve impact of this proposed legislation. However, WSI anticipates that, if passed in its present form, the legislation will act to significantly increase both rates and reserves. Currently, workplace psychiatric injuries are compensable only if caused by a physical injury and the physical injury is determined to be 50% of the cause of the condition and the condition did not pre-exist the work injury. Further, a mental injury arising from a mental stimulus is not a compensable injury. The proposed legislation eliminates all the above criteria.

Prior to the 2015 legislative session, Sedgwick was selected by the State Auditor's Office to conduct the 2014 Performance Evaluation of WSI. Element Eight of this study was a review of providing coverage for Post-Traumatic Stress Disorder (PTSD). The analysis was limited to three scenarios: (1) first responders; (2) victims of violent crimes; and (3) witnesses to sudden and extraordinary events in the workplace. The range of the annual additional costs of providing coverage in these circumstances was very broad, ranging from a low of $1.2 million to a high of $56.6 million.

As detailed in the interim study, approximately one-half of the states do not cover mental injuries where there is no physical injury or cover mental injuries where there is no physical injury in very limited number of specific exceptions. The other half of the states cover mental injuries with fewer restrictions. The only example of very broad mental health-related workers' compensation claim experience we could locate was some anecdotal information from Australia, specifically Victoria. It was reported that $273 million was paid out in 2013-14 in Victoria alone for workplace related stress claims. The mental health-related complaints have become Victoria's third leading workplace injury.

Section 2

The fiscal impact of establishing a base wage cap for volunteer firefighters and other emergency volunteers in Section 2 of the bill is not quantifiable. However, the fiscal impact on the volunteer firefighter and emergency volunteer classifications will result in future upward rate modifications as this increase in benefit is evidenced in the data.

Section 3

We do not have access to sufficient data to permit a comprehensive evaluation of the potential rate level impact for Section 3 of this proposed legislation. However, WSI anticipates that, if passed in its present form, the legislation will act to increase costs for the volunteer firefighter and emergency volunteer classifications. To the extent that such costs increase, local governmental entities will be faced with higher workers compensation premiums.

DATE: January 13, 2017