

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 222** SLS 17RS 462
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 27, 2017 9:51 AM	Author: ERDEY
Dept./Agy.: Risk Management	
Subject: Provides benefits for firemen and law enforcement officers	Analyst: Willis Brewer

PUBLIC EMPLOYEES EG INCREASE GF EX See Note Page 1 of 2

Provides benefits for firemen and law enforcement officers with permanent and total disability resulting from a catastrophic injury sustained in the line of duty. (gov sig)

Proposed law provides that the Self Insurance Fund fund shall also be used to pay law enforcement officers' and firemen's disability benefits that are determined to be permanently and totally disabled as the direct and proximate result of a catastrophic injury arising out of and in the course of the performance of their official duties.

Proposed law provides for premiums, co-payments, and deductibles due from the officer for the amount and type of life, health, accident, accidental death and dismemberment, hospital, surgical and medical expense insurance maintained by the officer through the officer's employer at the time of the catastrophic injury shall be paid by the state risk manager out of the Self-Insurance Fund, from the date of the catastrophic injury until the officer's death and that the premiums paid are in addition to any other benefit or income due to the injured officer.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed law will increase annual expenditures for the Attorney General (AG) by \$93,200 and Office of Risk Management (ORM) by \$113,000 and will increase state general fund expenditures (via the Self-insurance fund) by an indeterminable amount to the extent benefits are awarded. The legislation will provide benefits for firemen and law enforcement officers with permanent and total disability resulting from a catastrophic injury sustained in the line of duty. The benefits provided for in this legislation include the premiums, co-payments, and deductibles paid for by the officer at the time of the injury including life, health, accident, accidental death and dismemberment, hospital, surgical and medical expense insurance.

The anticipated number of claims and the number of eligible individuals that would receive the benefits provided for in this legislation is indeterminable. The provisions in this legislation extend to law enforcement and firemen as defined by RS 40:1665.2 which includes, but is not limited to, all sheriffs and deputy sheriffs, state police, municipal police officers, Louisiana Wildlife and Fisheries Commission enforcement officers, state probation and parole officers, correctional officers, all reserve or auxiliary law enforcement officers, university and college police officers, state employees conducting investigations, and all enforcement and emergency services personnel of the office of the state fire marshal. Proposed law provides for the Board or a court to make the determination whether the officer permanently and totally disabled was the direct and proximate result of a catastrophic injury arising out of and in the course of the performance of their duty.

The proposed law will require the Attorney General (AG) to review these additional claims, coordinate document recovery, and liaison with surviving families and their families and employer. Currently, the AG reviews the death benefit claims for law enforcement or firemen death before the Law Enforcement Officers and Firemen's Survivor Benefit Review Board issues a final ruling. The AG has a backlog of 24 death benefit cases and gained an additional 15 cases in 2016. According to the AG, this legislation will increase the number of claims that will be reviewed by their office. The AG anticipates it will need to hire an additional paralegal at a total cost of \$93,200 (\$88,000 for salaries and benefits and \$5,200 travel expenses) in order to timely respond to the additional claims that are anticipated to arise from this legislation. Based on the average salary of paralegals in the AG's office (\$41,862), the LFO estimates the total personnel cost for a paralegal at \$70,000 including related benefits (\$27,901).

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

ORM administers the state's risk management program and ORM's self-insurance fund does not collect premiums for these type of benefits. ORM makes payments on behalf of participants (the "insured") in the state risk management program out of the Self-Insurance Fund, which consists of the premiums collected from the insured. According to ORM, almost all (99%) of law enforcement/fire entities in the State are not ORM covered entities for workman's compensation coverage and approximately 350 non-State law enforcement offices and 555 fire departments utilize numerous insurance providers with varying insurance product offerings.

Under present law (RS 40:1665(C) and 40:1665.2(C)), cases where a fireman or police officer dies in the line of duty the beneficiaries are entitled to payments out of the Self-Insurance fund (RS 39:1533). According to ORM, these payments made to law enforcement officers and firemen are from an independent, designated appropriation specifically for that purpose. This appropriation is contained in the Self-Insurance fund, but it is not funded by the payment of premiums. Any additional payments as a result of the proposed legislation will require an additional state general fund appropriation; however, this increase in SGF is indeterminable at this time because sufficient data is not readily available. There is no centralized database that maintains the number of officers with catastrophic injuries as defined in this legislation.

This legislation will require ORM to administer, review, evaluate, monitor, and pay these benefits on a monthly basis. ORM anticipates it will need two new positions to perform these additional duties including a Risk Adjuster I position (\$55,000, salaries and benefits) and an Accountant I position (\$58,000, salaries and benefits) at a total cost of \$113,000. The funding ORM receives from state agencies for administering the state's self-insurance program can only be used for those purposes. Therefore, SGF will be needed by ORM for these additional duties.

Senate Dual Referral Rules
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