



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 729** HLS 09RS 1359
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2009	8:30 AM	Author: BILLIOT
Dept./Agy.: State Fire Marshal		
Subject: workers' compensation benefits for volunteer firemen		Analyst: Travis McIlwain

FIRE PROTECT/FIREMEN RE +\$1,000,000 SD EX See Note Page 1 of 2
Provides workers' compensation coverage for volunteer firefighters

This bill provides that the state fire marshal will provide workers' compensation coverage to volunteer members of fire companies and the cost of such coverage will be paid from the 2% Fire Insurance Fund. Repeals R.S. 23:1036(D)(3), (F), (G), and (J). Proposed bill also provides for up to \$7,500 for burial expense. This bill provides that any member who is not carried on the membership list of the organization as of the date of the member's injury will not be entitled to these benefits. Proposed legislation allows the state fire marshal to be paid up to 3% by each fire department from their funds for the 2008 -2009 fiscal year for the implementation of the volunteer workers' compensation coverage.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$1,016,875	\$1,016,875	\$1,016,875	\$1,016,875	\$1,016,875	\$5,084,375
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$5,000,000)
Annual Total	\$16,875	\$16,875	\$16,875	\$16,875	\$16,875	\$84,375

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed legislation would result in an increase of \$1.0 million in state fire marshal expenditures for insurance premiums that would be paid on behalf of volunteer firefighters and a decrease by a like amount of expenditures that could be made by local entities. This bill provides for the state fire marshal to provide workers' compensation insurance coverage to approximately 8,500 active volunteer firefighters at a projected cost of \$1.0 million annually to be paid from the 2% Fire Insurance Fund. The premium projection is provided to the state fire marshal by the Louisiana Workers' Compensation Corporation (LWCC) and is currently based upon a 3-year average of current claims payments of approximately \$600,000.

Previously, the state fire marshal paid approximately \$0.3 million for an accident & sickness policy, provided by the Hartford Group, that initially included workers compensation coverage with an overall benefit policy cap of \$30,000 and the locals paid approximately \$0.2 million for a secondary workers' compensation policy, provided by the LWCC (\$30 per year per person). The LWCC policy was considered a secondary policy to the Hartford Group Policy. However, the new accident & sickness policy currently provided by the Hartford Group, at an annual premium of approximately \$0.5 million, excludes workers' compensation coverage and will require LWCC's secondary coverage to be primary. This will likely result in LWCC discontinuing the workers' compensation for volunteer firefighters. This legislation would grant the state fire marshal additional revenues to pay for an insurance vehicle that will provide accident, sickness and workers compensation insurance coverage for volunteer firefighters in Louisiana.

There are other projected expenditures for administrative costs to maintain a list of covered volunteer firefighters in the amount of \$16,875, which will likely be funded with the Louisiana State Fire Marshal Fund. Those specific costs include: \$15,488 overtime hours, \$225 related benefits, \$500 travel, \$524 operating services, \$138 supplies. According to the latest REC estimates, this fund is projected to collect \$18.2 million in FY 10 and currently only \$17,308,196 in total funding is in HB 1. Thus, there is approximately \$0.9 million of unappropriated FY 10 projected revenues that could added to the local allocation, 20-932, to alleviate the potential \$1.0 million impact. To the extent the remaining \$891,804 unappropriated balance is appropriated to the locals, the net impact of this bill to the locals is a reduction of approximately \$0.1 million. (Cont. Page 2)

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. This legislation merely adds another prioritized expenditure to the list of items to be funded with the 2% Fire Insurance Fund (R.S. 22:347(A)(1)).

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	

Robert E. Hosse
LFO Staff Director



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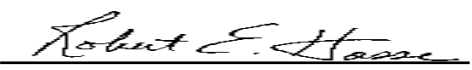
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CONTINUED EXPLANATION from page one: Page 2 of 2

Below is an illustration of the projected FY 10 allocation as it appears in HB 1-original of the 2% Fire Insurance Fund.			
<u>Current law allocation:</u>		<u>Proposed law allocation:</u>	
08-422	State Fire Marshal	\$528,196	08-422 State Fire Marshal \$1,528,196
19-600	LSU Board of Supervisors	\$210,000	19-600 LSU Board of Supervisors \$210,000
20-932	<u>Local allocations</u>	<u>\$16,570,000</u>	20-932 <u>Local allocations</u> <u>\$15,570,000</u>
TOTAL		\$17,308,196	TOTAL \$17,308,196

In current law, R.S. 40:1593 authorizes the state fire marshal to negotiate for and to purchase out of the 2% Fire Insurance Fund, R.S. 22:347(A) a group insurance to provide medical benefits, death benefits and burial benefits for volunteer firefighters. Although this bill does not amend Title 40, it appears this legislation will require the state fire marshal to negotiate workers' compensation policy for the projected 8,500 volunteer firefighters with the funding source being the 2% Fire Insurance Fund by amending Title 22 and Title 23.

This legislation allows the state fire marshal to be paid up to 3% of the local entities' FY 09 2% Fire Insurance Fund allocation to purchase the workers' compensation insurance policy as discussed within this bill.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	Robert E. Hosse
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	LFO Staff Director