

Fiscal Estimate Narratives

DWD 4/20/2007

LRB Number	07-1663/2	Introduction Number	AB-0275	Estimate Type	Original
Description Relating to: a presumption for purposes of the worker's compensation law that the injury or death of a fire fighter due to heart or respiratory impairment or disease or due to a cerebrovascular accident arose out of the fire fighter's employment					

Assumptions Used in Arriving at Fiscal Estimate

Current law provides that fire fighters are eligible for worker's compensation benefits when they suffer an injury arising out of and incidental to their employment. This is the same burden that all employees in the state must meet in order to qualify for worker's compensation benefits. Benefits are paid by the self-insured employer or worker's compensation insurance carrier for the employer. In addition to the regular worker's compensation benefits, the surviving spouse or dependent children of fire fighters are eligible for special death benefits under Wis. Stat. §102.475 equal to 75% of the primary death benefit, but not less than \$50,000. This special death benefit is paid through general purpose revenue (GPR) funds.

Fire fighters are also covered under Wis. Stat. §40.65 for duty disability and death benefits for work-related conditions. This benefit is paid by the Department of Employee Trust Funds and the cost is assessed back to the employer. Disability and death benefits are paid at a much higher rate (up to 75% to 80% of the fire fighter's salary) than worker's compensation benefits. Fire fighters may receive both worker's compensation benefits and duty disability benefits; however, the duty disability benefits are reduced by the amount of worker's compensation benefits received.

Under Wis. Stat. §891.45, there is a presumption for any fire fighter applying for disability benefits or his or her dependents filing for death benefits under Wis. Stat. §40.65, that any disability or death caused by heart or respiratory impairment or disease was caused by work. Also, the presumption applies only to fire fighters whose fire fighting duties took up at least 2/3 of their working hours during a 5-year qualifying period. Cerebrovascular accidents are not presumed to be work-related. Currently, this presumption does not apply to worker's compensation benefits for fire fighters.

The proposed bill would significantly change the current law regarding eligibility for worker's compensation benefits for fire fighters. It would add a presumption of work-relatedness for heart or respiratory impairment or disease or a cerebrovascular accident (i.e. stroke). Self-insured employers and insurance carriers would be liable for medical expenses, disability benefits and death benefits for claims that currently would not be paid. In addition, dependents would be eligible for special death benefits under Wis. Stat. §102.475 of up to \$174,825 at current benefit rates. In addition, the Work Injury Supplemental Benefit Fund (WISBF) would be liable for payment of children's benefits pursuant to Wis. Stat. §102.49 in the amount of 10% of the primary death benefit. Additionally, the insurance carrier or self-insured employer would be liable for the \$20,000 payment into the WISBF for a work-related death. Finally, while the proposed bill requires a total of 5 years of work as a fire fighter before the fire fighter would qualify for the presumption, there is no minimum requirement of the percentage of time the fire fighter would need to perform those duties. Therefore, fire fighters, including volunteers working only a few hours would qualify for the presumption.

It is estimated that if this bill is passed the department will receive on average approximately 3 additional claims per year. While the department would not anticipate any additional staffing needs to process the estimated 3 claims per year, there will be a fiscal impact related to GPR Appropriation 102 (Special Death Benefit) and SEG Appropriation 178 (Work Injury Supplemental Benefit Fund).

For death benefits payable under s.102.475 (Appropriation 102) it is estimated that an annual average of 3 claims per year would amount to approximately \$524,475 annually. (This is based on the current maximum payout of \$174,825 per death benefit times 3 deaths per year).

For payments to minor children under s.102.49 (Appropriation 178) it is estimated that the cost to the Work Injury Supplemental Benefit fund would be on average approximately \$6,900 per year. (The current average payment per claim is approximately \$2,300 per year.)

Local units of government:

There will be increased costs to those local units of government (approximately 55) who are self-insured and would experience a claim as the result of this legislation. The self-insurer would be liable for medical expenses, disability benefits and death benefits for claims that are currently not being paid. (WC Division does not track medical costs and, therefore, an estimate for the total claims cost cannot be provided.) In addition, the self-insurer would be liable for the \$20,000 payment into the Work Injury Supplemental Benefit Fund (Appropriation 178) for a work-related death.

Units of government that cover their worker's compensation liabilities through an insurance carrier would not experience the costs outlined above for a self-insurer. The costs would be paid by the insurance carrier. However, disability, medical and death payments paid by insurance companies as a result of this bill could affect the local government unit's experience rating and ultimately increase insurance premium rates for the policy holder.

Long-Range Fiscal Implications

The injury experience/costs outlined above are based on 2007 rates. The dollar amounts will increase in future years based on higher wages and higher benefit rates. In addition, it appears that from analysis of the language of the bill this legislation appears to apply to volunteer firefighters as well as full-time firefighters. If so, costs (long range) may be more than anticipated.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): No one time costs are anticipated.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	531,375		
TOTAL State Costs by Category	\$531,375		\$
B. State Costs by Source of Funds			
GPR	524,475		
FED			
PRO/PRS			
SEG/SEG-S	6,900		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S	60,000		
TOTAL State Revenues	\$60,000		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$531,375	\$60,000	
NET CHANGE IN REVENUE	\$60,000	\$0	
Agency/Prepared By		Authorized Signature	Date
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