

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 2, 2003

TO: Honorable Jaime Capelo, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3162 by Capelo (Relating to certain diseases or illnesses suffered by certain emergency first responders.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3162, As Introduced: a negative impact of (\$1,101,000) through the biennium ending August 31, 2005.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$550,500)
2005	(\$550,500)
2006	(\$550,500)
2007	(\$550,500)
2008	(\$550,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	(\$550,500)
2005	(\$550,500)
2006	(\$550,500)
2007	(\$550,500)
2008	(\$550,500)

H.B. 3162 amends Chapter 607 of the Texas Government Code by adding Subchapter B. Certain employees who are employed as first responders to an emergency are eligible for public safety benefits under this bill if they contract a disease, become ill, suffer total or partial disability or die from certain conditions outlined in the bill including: immunization against smallpox or another disease; lung disease; or certain cancerous conditions.

Fiscal Analysis

For all eligible deaths under Section 615, the following benefits are payable from the General Revenue Fund:

- 1) A lump sum payment of \$250,000 to an eligible surviving spouse, surviving children, or surviving parents.
- 2) Monthly payments of \$200 for a surviving minor child, \$300 for two surviving minor children, or

\$400 for three or more minor surviving children. These payments continue until the child reaches the age of 18.

In addition, if the deceased was either a peace officer or an employee of the institutional division or the state jail division of TDCJ who was killed in the line of duty and had not qualified for an annuity under an employee's retirement plan, the following payments could apply:

- 1) Funeral expenses – lesser of \$6,000 or actual costs (maximum set by Board rule)
- 2) Monthly annuity payments to the surviving spouse.

Methodology

The fiscal impact of this bill on the Employees Retirement System is estimated to be \$550,500 per fiscal year, as shown in the table above.

Currently the Employees Retirement System (ERS) pays out benefits on approximately 20 deaths per fiscal year. Assuming that this bill increases the number of public safety workers that are eligible for these benefits by 10 percent, the maximum additional cost for the lump sum death benefit is \$500,000 per fiscal year.

In addition, based on this bill, first responders that qualify for disability income could receive an average payment of \$10,100 per year. Assuming five public safety workers per year qualify for disability income, the additional cost to the State of Texas is \$50,500 per fiscal year.

Technology

None.

Local Government Impact

According to the Texas Municipal League, limited data is available to arrive at a fiscal impact. But based on the effects other states have experienced, implementation of this bill would significantly increase the costs to political subdivisions. For example, the intergovernmental risk pool of the League would have an additional 40 to 50 heart-related cases that would be eligible for compensation under the provisions of the bill. Depending on the health of the employee and his or her spouse, the 40 to 50 cases could increase costs by \$20 million to \$25 million.

The city of Bryan reported that it would be difficult to put a dollar amount on the fiscal impact, but the costs are expected to be significant. Costs would include all medical and income benefits for the ill employee and death benefits for the surviving spouse and children. In fiscal year 2002, the minimum liability for a peace officer killed in the line of duty was \$290,000. If the peace officer's spouse never remarried, the liability was approximately \$900,000.

The city of Plainview reported that the costs could be sizable. At a wellness clinic held in their city in February 2002, it was discovered that 77 percent of police and firefighters in their city have medium to high risk for coronary problems. Claims for heart disease and treatment currently run anywhere from \$50,000 to \$100,000 per person, which could result in potential payouts of \$2.5 million to \$5 million if all of the affected firefighters were to file a claim.

The Tarrant County Fire Marshal's Office reported that the fiscal impact to their budget would be "tremendous and hard to figure."

Source Agencies: 327 Employees Retirement System, 411 Commission on Fire Protection, 501 Department of Health

LBB Staff: JK, JO, EB, MS, ZS, KG