

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB 762

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Hurt and Armstrong

3. Committee General Laws

4. Title Line of Duty Act

5. Summary/Purpose: The bill would amend the definition of “disabled person” under the Line of Duty Act to include any individual who, as the direct or proximate result of the performance of his duty in any qualified position, has become mentally or physically incapacitated, on or after April 8, 1972, so as to prevent the further performance of duty where such incapacity is likely to be permanent. Under the provisions of the bill, payments would be retroactive to July 1, 2000 for disabilities occurring prior to July 1, 2000. For disabilities occurring on or after July 1, 2000, payments would be retroactive to the first date that the disability existed.

6. Fiscal impact: This bill would have a significant fiscal impact. The Department of Planning and Budget (DPB), along with the Department of Accounts (DOA), conducted an analysis of the potential costs associated with this bill.

Under current law, any eligible person disabled on or after July 1, 2000 is entitled to receive health insurance coverage fully paid for by the Commonwealth. The bill would extend this benefit to all eligible individuals disabled on or after April 8, 1972. The Line of Duty Act also requires that any such payments for health insurance coverage be retroactive to the first date that the disability existed (§ 9.1-404, Code of Virginia). Under the provisions of this bill, however, payments would only be retroactive to July 1, 2000 for disabilities occurring prior to July 1, 2000.

The fiscal impact associated with this legislation would depend on a number of factors, including the number of newly eligible individuals disabled on or after April 8, 1972, and before July 1, 2000, the number of such individuals who file claims, and the costs associated with past and future health insurance coverage. Also, the timing of the additional expenditures would depend greatly on the amount of time it would take the Department of State Police to complete the additional investigations. At this time, DPB and DOA cannot estimate with precision the fiscal impact associated with this legislation. However, it appears that the state’s potential liability for prospective costs could average \$8 million to \$16 million per year over the FY 2005-2010 period, and the state’s potential liability for retroactive costs could range from \$20 million to \$40 million in total.

If, for example, there were 1,000 newly eligible disabled individuals filing claims for health insurance coverage, then the prospective costs could average about \$8 million per year over the FY 2005-2010 period. If, however, the number of newly eligible disabled individuals filing claims for health insurance coverage numbered 2,000, then the prospective costs could average about \$16 million per year over the FY 2005-2010 period. In addition, as mentioned above, the state's potential liability for the retroactive payments could range from \$20 million to \$40 million in total. DPB and DOA believe it is likely that the total population of eligible individuals disabled on or after April 8, 1972, and before July 1, 2000, numbers between 1,000 and 2,000. DPB and DOA cannot estimate, however, the number of such individuals who would file claims for health insurance coverage.

There also would be increased costs to the Department of State Police to conduct additional investigations. DOA estimates that it may need additional staff to prepare the monthly premium payments for such eligible disabled individuals. However, DPB cannot estimate the amount of any such additional costs because it would depend on the number of eligible disabled individuals filing claims.

- 7. Budget amendment necessary:** Yes.
- 8. Fiscal implications:** See Item 6.
- 9. Specific agency or political subdivisions affected:** Department of Accounts; Department of State Police.
- 10. Technical amendment necessary:** No.
- 11. Other comments:** This bill is similar to SB 28 as introduced.

Date: 01/22/04 / mar

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cc: Secretary of Finance
Secretary of Public Safety