

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

Bill: SB5097

Patron: Vogel

Date: 8/25/2020

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Workers' compensation; presumption of compensability for COVID-19. Establishes a presumption that COVID-19 causing the death or disability of firefighters, emergency medical services personnel, law-enforcement officers, first responders, and health care providers are occupational diseases compensable under the Workers' Compensation Act. The provisions of the bill will be effective retroactive to January 1, 2020.

Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$5,500,000.00. A majority of localities responded with a cost, and noted that the bill would increase workers compensation, Line of Duty Act (LODA), and volunteer accident insurance premiums. Localities also noted that the unfunded mandate imposed by the provisions of the bill would be financially detrimental, would open the door to more virus-type ailments being added to the workers' compensation defined illnesses, which could potentially increase litigation. Of those localities that responded with no cost, they noted that the cost of the bill is indeterminate or their COVID-19 exposure is very low.

Local Analysis:

Locality: City of Alexandria

Estimated Fiscal Impact:
\$5,500,000.00

An estimated fiscal impact of approximately \$5.5 million based on an estimate of potentially impacted employee groups, observed rates of severe COVID-19 complications, and excess worker's compensation

Locality: City of Manassas

Estimated Fiscal Impact: \$0.00

The cost for expansion of the presumption of death and/or disability due to COVID-19 is indeterminate at this time. There is a direct correlation to increased costs for worker's compensation coverage should a COVID-19 case be presumed to have been an occupational disease. In addition, we will incur increased costs for additional testing and screening during the employment process

Locality: City of Martinsville

Estimated Fiscal Impact: \$45,000.00

This will definitely have a financial impact on smaller localities such as ours. Of course, we have no way of knowing at this point, since it'll be mid-2021 before we get the renewal rates on Workers' Comp. Enacting this will give insurance companies a free hand and excuse in raising rates as high as they want, regardless of actual need! If we were to receive a 20% increase in rates - not too unlikely - it would cost the City at least \$45,000 just for the paid Fire/EMS, police and Sheriff's departments alone. And that may eventually compound, not knowing the long-term effects of this virus. I fear this would open the door to more virus-type ailments being added to the worker's comp defined list of illnesses. Not in favor until we know the full impact of this virus. Legislators should not be making a snap emotional decision that will have far-reaching impact. Amendments can be made at a later time and made retroactive to a Jan. 1 2020 date at that point if necessary. Why jump the gun?

Locality: City of Norfolk

Estimated Fiscal Impact:
\$1,000,000.00

Increase in cost of Workers' Compensation program expected. The transfer of COVID-19 is highly transferable; therefore, how would an employee demonstrate it occurred out of the course of employment, from a household member, or personal or professional contact? Are employees not wearing available PPE still eligible for compensation? We are currently not paying any meds under claims, and costs which cannot be easily estimated. Bill includes "impairment resulting in total or partial disability" so potentially any exposure with a positive test result would be presumed and we will have to pay bills if accepted the date of denial were we to overcome the presumption. Potential to result in increased litigation and long claim review periods (several months).

Locality: City of Virginia Beach

Estimated Fiscal Impact:
\$1,000,000.00

Due to the newness of health conditions associated with COVID-19, the long-term cost of medical treatment is unknown at this time. To this point, the City of Virginia Beach has paid for COVID-19 related treatments, but we have not accepted any COVID-19 claims under the Workers' Compensation Act. In a typical year, the City has about 3-4 presumption claims under the standards currently set forth in the Code of Virginia (for conditions such as heart, lung, cancer). The typical heart/lung/cancer claim is about \$250,000 apiece. Although COVID medical treatments are currently less than those associated with heart/lung/cancer, since it is currently not possible to compare how a COVID claim may cost against those known conditions in the long-term, our best estimate today would be based on our past known events. Therefore, we estimate 4 claims in a given year per \$250,000 per claim for a \$1 million estimate contained in the estimated fiscal impact box.

Locality: Prince George County

Estimated Fiscal Impact: \$75,000.00

The fiscal impact is a preliminary estimate provided by our worker's compensation and LODA insurer. This legislation did not include school personnel. SB5066, SB5097, SB5104 and HB5028 appear similar, except HB5028 includes school personnel.

Locality: Rockingham County

Estimated Fiscal Impact: \$0.00

The estimated fiscal impact of this bill is an unknown. Based on current circumstances this bill will have a limited fiscal impact but if COVID-19 cases increase exponentially this bill will cost the County significantly more.

Locality: Town of Blacksburg **Estimated Fiscal Impact:** \$50,000.00

Unable to calculate an exact amount but it will have an impact on Workers' Compensation, Line of Duty, and volunteer accident insurance premiums. At this point COVID-19 is relatively low in our area but if it increases and we have claims the premiums will increase. The premiums may increase in preparation of having claims.

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**Locality:** Town of Christiansburg **Estimated Fiscal Impact:** \$68,250.00

Based on payroll for Christiansburg's Police, Fire and Rescue staff including volunteers, we would expect an increase in workers comp of about \$42,000 and LODA about \$26,250, for a total of approximately \$68,250 annually.

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Locality: Town of Luray **Estimated Fiscal Impact:** \$50,000.00

Amendment needs to include language similar to Section A.

who has a documented occupational exposure to blood or body fluids shall be presumed to be occupational diseases, suffered in the line of government duty, that are covered by this title unless such presumption is overcome by a preponderance of competent evidence to the contrary.

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**Locality:** Town of Marion. **Estimated Fiscal Impact:** \$0.00

No fiscal impact

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Locality: Wise County **Estimated Fiscal Impact:** \$1.00

As with most of the current Bills, it is difficult to provide an Estimated Fiscal Impact. If there is an outbreak at one the schools or Sheriff's office the impact would be catastrophic to our budget. Currently, we have no know impacts.

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