

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB639

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: Bell, J.J.

3. Committee: Commerce and Labor

4. Title: Workers' compensation; disease presumptions; correctional officers.

5. Summary: Adds correctional officers to the list of public safety employees who are entitled to a presumption that hypertension and heart disease and certain infectious diseases are occupational diseases compensable under the Virginia Workers' Compensation Act.

6. Budget Amendment Necessary: Indeterminate.

7. Fiscal Impact Estimates: Preliminary - see Item 8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate, as the costs will depend on the number and severity of workers' compensation awards to correctional officers. According to the Department of Human Resource Management's Workers' Compensation Program, the covered conditions included in the proposed legislation are often costly, chronic, and can result in death or long term disability. A review of all heart lung presumption claims filed with Workers' Compensation Program from 2000 to January 2015 showed an average cost of \$74,596 for each hypertension/heart claim. The average cost, excluding denied and record only claims, is \$176,108. Because the Commonwealth's Workers' Compensation Program premiums are experience-based, the Department of Corrections (DOC) would incur any increased cost for claims covered by the proposed legislation. The cost of such claims and their subsequent impact on DOC's annual workers' compensation premium is indeterminate and would not be reflected in premiums for multiple years because premiums are calculated retrospectively based on historical experience.

According to DOC, there were 1,332 new correctional officers hired in fiscal year 2014 and the total new hires for the agency were 1,812. The estimated cost of physicals is \$340 per person. The previous estimated cost for physicals was \$284 per person with almost 1,000 new correctional officers hired. The cost of the physicals would be borne by the agency and not paid by the State Workers' Compensation Program.

The proposed legislation is also expected to impact the state's Line of Duty Program; however, the estimated fiscal impact for the Line of Duty Program cannot be determined.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, Department of Corrections, Department of Accounts, and Workers' Compensation Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.