

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

Bill: HB5028

Patron: Jones

Date: 8/21/2020

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, health care providers, and school board employees is an occupational diseases compensable under the Workers' Compensation Act. The provisions of the bill will be effective retroactive to January 1, 2020.

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### 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.

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### Local Analysis:

**Locality:** City of Alexandria.

**Estimated Fiscal Impact:**  
\$5,500,000.00

The City of Alexandria estimates a financial 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.

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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?

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**Locality:** City of Norfolk

**Estimated Fiscal Impact:**  
\$1,000,000.00

Potential impact to increase cost of workers' compensation program. Bill includes "impairment resulting in total or partial disability" so potentially any exposure with a positive test result would be presumed and the city would be responsible for medical bills if accepted the date of denial were the city to overcome the presumption. Potential to result in increased litigation and long claim review periods (several months).

Several concerns around how would an employee demonstrate it occurred out of the course of employment, from a household member, or personal or professional contact? If employees/emergency personnel are not wearing available PPE, would it still be compensable?

All of these variables make it difficult to assess the fiscal impact to a specific amount. It is anticipated the cost would increase significantly.

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Locality: City of Winchester

Estimated Fiscal Impact: \$25,000.00

City Supports this Bill and the effective date. The \$25,000 is just an estimate of how much our premium through VRSA may increase.

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**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.

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Locality: Town of Ashland

Estimated Fiscal Impact: \$200,000.00

Due to the unknowns of the virus the initial cost to provide this coverage we expect to be substantial relative to future years. If this coverage is required we will undoubtedly be asked to provide coverage for other front line employees, such as front desk clerks and employees required to staff public meetings.

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**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.

**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.

**Locality:** Town of Herndon

**Estimated Fiscal Impact:** \$57,000.00

For the Town of Herndon, this is relevant for law enforcement officers only. The impact of \$57,000 per year is based on the Covid-19 claims and exposures to date. Based on the average pay of an officer and the number of Covid-19 claims to date by Herndon's law-enforcement officers (Herndon only has law-enforcement officers as defined in this bill), and requirements of VA Emergency Temporary Standard for Covid-19 for outages due to exposure, the approximate amount of cost increase would be ~\$27,000 in the course of a fiscal year. The approximate calculation of increase in workers compensation premiums would be ~\$30,000, for a total of \$57,000. If claims increased in volume, compensability, hospitalization, disability due to Covid-19, or death, the costs would be significantly increased from that.

**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.

**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$0.00

We would treat this LODD as we would any other service related one

**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.

**Professional and Other Organization Analysis:**

**Organization:** Northern Neck PDC

No impact.

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