

# Commission on Local Government

## Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

**Bill:** SB5022

**Patron:** Kiggans

**Date:** 8/20/2020

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 or other certain employees is an occupational disease compensable under the Workers' Compensation Act.

~~~~~

### Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$5,500,000.00. Localities that responded with a cost, 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

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. This bill as proposed would be financially detrimental to the City of Alexandria in both limiting local government authority and act as a unfunded mandate.

~~~~~

**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. But if we were to receive a 20% increase - 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 illnesses. Not in favor until we know the full impact of this virus. Legislators should not be making snap emotional decisions that will have far-reaching impact.

~~~~~

**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.

~~~~~  
**Locality:** City of Winchester

**Estimated Fiscal Impact:** \$25,000.00

Would support this. Would like to see this back dated to cover employees that have already been affected.. It would be hard to quantify this affect on VRSA, who is our insurance carrier.

~~~~~  
**Locality:** Prince George County

**Estimated Fiscal Impact:** \$75,000.00

This legislation would create an increase in worker's compensation and Line of Duty Act (LODA) premiums up up to \$75,000 for listed County personnel. Prince George County employs 110 employees for which premiums would be impacted.

~~~~~  
**Locality:** Rockingham County

**Estimated Fiscal Impact:** \$0.00

The estimated fiscal impact of this bill is an unknown. Based on current cirucmstances 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 Ashland

**Estimated Fiscal Impact:** \$0.00

unknown without estimate from insurance provider.

~~~~~  
**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 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

Estimates are that our exposure is very low for this.

~~~~~  
**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.

~~~~~