



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 27 of the 131st G.A.

Date: April 13, 2016

Status: As Reported by Senate Insurance

Sponsor: Sen. Patton

Local Impact Statement Procedure Required: No

Contents: Provides that a firefighter who is disabled as a result of specific types of cancer is presumed to have incurred the cancer while performing his or her official duties

State and Local Fiscal Highlights

- The bill provides the additional coverage to career firefighters. Most of the additional workers' compensation benefits paid under the bill would be from taxing districts with coverage under the State Insurance Fund, with a smaller share of costs coming from self-insured employers. A small portion of the additional cost would be due to claims from firefighters working for private employers covered by the State Insurance Fund.
- The Ohio Police and Fire Pension Fund would also incur additional costs to cover the additional qualifying disability claims under the bill.
- There are approximately 70,000 active and retired career and volunteer firefighters in Ohio. Of these estimates, the Bureau of Workers' Compensation approximates that there are more than 21,000 active and retired career firefighters.

Detailed Fiscal Analysis

Overview

The bill establishes a presumption that a member of the Ohio Police and Fire Pension Fund who is a member of a fire department and who incurs and is disabled by the types of cancer specified in the bill incurred the cancer while performing the member's duties. In order for this presumption to apply, the member must be a career firefighter and have been assigned to hazardous duty for at least three years. The bill provides that the presumption contained in the bill can be rebutted upon the presentation of competent or affirmative evidence to the contrary. The presumption can also be rebutted if any evidence of the cancer appeared on physical examination upon entrance to the fire department. The bill extends this same presumption for firefighters under the workers' compensation law. There are exclusions for firefighters who are long-term smokers and those who are 70 years and older. Overall, the bill would make more career firefighters eligible for disability benefits under the Ohio Police and Fire Pension Fund and workers' compensation system. The costs of the additional benefits hinge on the number of allowed claims and certain actuarial factors that are not easy to estimate.

Treatment and disability costs

All costs associated with the implementation of the bill would be paid from the State Insurance Fund for costs related to workers' compensation and from the Ohio Police and Fire Pension Fund for disability related costs. The Bureau of Workers' Compensation (BWC) has recently performed an actuarial analysis on the costs of providing this coverage to firefighters. This analysis allows for the presumption to apply to career and volunteer firefighters with five years of hazardous duty. Based on the shorter three-year timeframe and the additional cancer types included in the bill, there may be more potential claims and resulting costs than what is contained in the BWC actuarial analysis.

The table on the following page summarizes the results of the BWC study. Based on various actuarial assumptions in that analysis, the projected annual cost of providing this benefit to all qualifying career firefighters would be approximately \$26.2 million of the annual cost associated with career firefighters as envisioned under the bill. These costs would be paid either from the State Insurance Fund for instances in which an active career firefighter elects to file a disability workers' compensation claim, and from the Ohio Police and Fire Pension Fund for cases in which a retired career firefighter would file a claim under the bill.

BWC Actuarial Estimates of Cancer Coverage for All Firefighters, based on Five Years of Hazardous Duty		
Classification of Firefighter	Expected Annual Claims	Projected Annual Costs
Active Career	34.23	\$11,338,877
Active Volunteer	79.12	\$26,212,239
Retired Career	160.07	\$14,937,595
Retired Volunteer	370.03	\$34,531,445
TOTAL	643.45	\$87,020,156

Source: BWC actuarial analysis, August 28, 2015

The data presented above was gathered from the U.S. Fire Department Census (<https://apps.usfa.fema.gov/census/summary>) and Ohio Police and Fire Pension Fund. The data and estimates are based on the current population of active career and volunteer firefighters, which is currently about 42,125. Of this total population, it is estimated that there are approximately 12,720 active career firefighters and nearly 8,400 retired career firefighters, the firefighter population that would be covered under the bill. Using estimates of the number of firefighters that meet the hazardous duty threshold, it can be estimated that the number of active and retired career firefighters is slightly more than 21,000. Of that figure, the number satisfying the five-year threshold is slightly more than 19,100. Given the lower three-year hazardous duty threshold in the bill, this number is likely to be higher.

The BWC analysis estimates that 80% of the costs detailed above would fall to the taxing districts covered by the State Insurance Fund, and 5% of the costs would fall to private employers covered by the State Insurance Fund. The remaining 15% of costs would fall to self-insured employers.

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