



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

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

Date: November 16, 2016

Status: In House 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

- Providing the additional occupational disease coverage under the bill is likely to increase the cost of claims for both the State Insurance Fund overseen by the Bureau of Workers' Compensation (BWC) and the Ohio Police and Fire Pension Fund.
- Most of the additional workers' compensation benefits paid under the bill would be from taxing districts whose firefighters receive 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.
- There are approximately 70,000 active and retired career and volunteer firefighters in Ohio. Of these estimates, BWC 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 six years. The bill provides that the presumption contained in the bill can be rebutted upon the presentation of evidence to the contrary. The presumption can also be rebutted if there is evidence that the member incurred the type of cancer being alleged prior to becoming a member of 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 75 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 that would be paid under the bill hinge on the number of allowed claims and certain actuarial factors that are not easy to estimate.

Treatment and disability costs

The costs associated with the additional coverage provided to eligible career firefighters under the bill would be paid either from the State Insurance Fund for new workers' compensation claims or from the Ohio Police and Fire Pension Fund for new disability claims. Under a previous version of the bill that included a **three-year** hazardous duty timespan versus the **six-year** timespan under the current substitute bill, BWC analyzed the potential cost of providing the occupational disease coverage to eligible firefighters, both active and retired.¹ Based on various actuarial assumptions, BWC estimated that the projected annual cost of providing this benefit to all qualifying career firefighters (active and retired) would result in approximately 170 annual claims at a cost of approximately \$22.8 million, shared between the State Insurance Fund and the Ohio Police and Fire Pension Fund. Extending the hazardous duty service time from three to six years as under the bill would probably reduce the annual claims costs from what BWC initially estimated in its previous analysis. Of BWC's share of the additional claims costs, the Bureau estimated 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.

Number of active and retired career firefighters

Data from the U.S. Fire Department Census produced by the U.S. Fire Administration as well as information from the Ohio Police and Fire Pension Fund indicate that the current population of active career and volunteer firefighters in Ohio is approximately 42,125. Of this total population, it is estimated that there are approximately 12,700 active career firefighters and nearly 8,400 retired career firefighters. Of the approximately 21,100 career firefighters, the number serving three years in continuous hazardous duty is estimated to be slightly more than 19,100. The number serving at least six years is not known as of this writing.

¹ BWC has produced two analyses that estimate the potential additional cost of providing coverage under the bill. These costs would be borne by the State Insurance Fund and the Police and Fire Pension Fund. An August 2015 analysis uses a five-year hazardous duty threshold, as in H.B. 292, and estimates an annual cost of \$87.0 million. A July 2015 analysis uses a three-year threshold, as under S.B. 27, and estimates an annual cost of \$75.4 million for both career and volunteer firefighters. These costs would be borne by the State Insurance Fund and the Police and Fire Pension Fund, but their individual shares of those costs are not calculable.

BWC claims report

The bill requires BWC to submit a report pertaining to the number of presumed cancer claims that have occurred as a result of the bill. The report is required to contain data relating to the number of approved claims, disapproved claims, active claims, and the costs related to the approved and active claims. This report must be submitted to the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, the Ohio Fire Chiefs' Association, the Ohio Association of Professional Firefighters, and the Ohio Municipal League. This report is required to be completed two years after the effective date of the bill and every two years thereafter. BWC might incur some additional administrative burden for preparing these reports.

Synopsis of Changes

Six-year hazardous duty service threshold. The substitute version of the bill extends the presumption time threshold that applies to claims under the bill from three years of service to six years. This change would appear to have the result of reducing the number of annual claims and associated costs. However, it is unclear as to the overall magnitude of the change associated with extending the years of service requirements.

Rebuttable presumption. The substitute bill modifies the language related to the rebuttable presumption provisions of the bill. Overall, these changes could have the effect of reducing the number of claims that would be allowed by some uncertain amount.

BWC report on cancer claims. The substitute bill requires BWC to submit a report pertaining to the number of presumed cancer claims that have occurred as a result of the bill. The report is required to contain data relating to the number of approved claims, disapproved claims, active claims, and the costs related to the approved and active claims. The report must be produced every two years. BWC would incur some additional administrative burden to prepare these reports.