



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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

**Date:** April 15, 2016

**Status:** As Passed by the Senate

**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 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, the Bureau of Workers' Compensation approximates that there are more than 21,000 active and retired career firefighters.

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### 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. This encompasses lung, brain, kidney, bladder, rectal, stomach, skin, prostate, breast, cervical, and uterine cancers, as well as non-Hodgkins lymphoma, leukemia, multiple myeloma, and testicular or colorectal cancer. 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 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 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. The Bureau of Workers' Compensation (BWC) has performed an analysis using certain actuarial assumptions to determine the potential costs of providing this occupational disease coverage to firefighters. The BWC analysis assumes that the benefit applies to career and volunteer firefighters with three years of hazardous duty.<sup>1</sup>

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 (active and retired) would be approximately \$22.8 million. These costs would be paid from the State Insurance Fund for instances in which an active career firefighter elects to file a disability workers' compensation claim. Alternatively, the additional disability claims allowed under the bill would be handled by the Ohio Police and Fire Pension Fund.

<b>BWC Actuarial Estimates of Cancer Coverage for All Firefighters, Based on Three Years of Hazardous Duty</b>		
<b>Classification of Firefighter</b>	<b>Expected Annual Claims</b>	<b>Projected Annual Costs</b>
Active Career	30.23	\$9,920,000
Active Volunteer	141.43	\$22,930,000
Retired Career	141.43	\$12,830,000
Retired Volunteer	326.95	\$29,665,000
<b>TOTAL</b>	<b>568.48</b>	<b>\$75,345,000</b>

Source: BWC actuarial analysis, July 11, 2015

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<sup>1</sup> 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. The August 28, 2015 study uses a five-year hazardous duty threshold, as in H.B. 292, and estimates an annual cost of \$87.0 million. A July 11, 2015 study uses a three-year threshold, as under S.B. 27, and estimates an annual cost of \$75.4 million. 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.

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 12,700 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 table above is BWC's cost estimate of providing the additional occupational disease coverage to eligible firefighters on both the State Insurance Fund and the Ohio Police and Fire Pension Fund. This estimate did not account for the three additional types of cancer now covered under the bill (breast, cervical, and uterine) that were not included in the As Introduced version. Expanding the list of covered cancers would presumably increase the annual cost by a certain degree. Of BWC's share of the additional cost, the Bureau 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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