

OFFICE OF FISCAL ANALYSIS

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sSB-164

AN ACT INCLUDING CERTAIN MENTAL OR EMOTIONAL IMPAIRMENTS WITHIN THE DEFINITION OF "PERSONAL INJURY" UNDER THE WORKERS' COMPENSATION STATUTES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Various State Agencies	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
All Municipalities	STATE MANDATE ¹ - Cost	See Below	None

Explanation

Sections 1 and 2 of the bill will result in a cost to the state's workers' compensation program to purchase a workers' compensation policy to provide coverage for any claims arising out of the bill's expanded definition of personal injury to include mental-mental injuries (a mental injury without an accompanying physical injury) as of October 1, 2019.² The amount of the policy will depend on various factors, including (1) the anticipated frequency of claims and (2) the anticipated severity of the claims, which are both unknown and highly

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

² The balance of the state's workers' compensation program is assumed to remain self-insured.

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variable. The average cost per case of a mental-mental injury resulting in absence from work can range from \$20,000 to \$150,000.³ By way of example, a basic claim for the state with lost wage (TTD), permanent partial disability (PPD) and cost of medical services is estimated to be approximately \$96,700 over the life of the claim.⁴ The bill requires a diagnosis of Post- Traumatic Stress Disorder (PTSD). In addition, the bill defines “immediate aftermath” to be a period not to exceed six hours. These limiting factors may mitigate the cost to the state and municipalities.

Lastly, it is important to note that once an injury is identified as a work related injury and covered under the workers’ compensation program any subsequent injury or impairment which can be causally linked to the initial injury is also covered by workers’ compensation, resulting in a wide range of potential per claim costs.

The bill’s coverage applies to police officers and firefighters (including volunteer firefighters). There are approximately 26,800 firefighters, 8,180 police officers, and 958 sworn state police officers (total population is approximately 35,938 people).⁵

Municipal Impact

The bill will result in a cost to municipalities to provide coverage for workers’ compensation claims made in accordance with the provisions of the bill for the period between when the bill is enacted and October 1, 2019 when the state policy will be effective.

³ Source: NCCI (National Council on Compensation Insurance). These figures are based on data reported from fully insured entities.

⁴ The estimate is based on (1) first year temporary total disability (TTD) cost of \$23,000 (\$14,200 in lost wages and \$9,000 medical (\$100-300 per visit for approximately 2 visits per week)), (2) additional permanent partial disability (PPD) benefit of \$57,000, and (3) \$16,700 in future medical costs. Medical costs refer only to mental health related out-patient services and exclude any other medical care related to the claim. This assumes the individual is classified as having a PPD. A TTD has no cap on treatment or duration.

⁵ Member statistics based on information from the Connecticut State Firefighters Association for 2017.

It is not known how many mental-mental claims are filed in a given year by municipal police officers or firefighters under the current law. The cost will depend on the amount of the policy if one can be purchased or the cost of the resulting claims.

Section 3 of the bill may result in a cost to the state's and municipal workers' compensation programs to provide wage replacement workers' compensation benefits for police officers who suffer a mental or emotional impairment caused by using, or being subject to, deadly force. Wage replacement benefits are not currently provided. It is unknown how many claims of this nature are filed annually. As previously stated, average wage replacement for the first year of a TTD claim is approximately \$14,200. There is no additional cost for section 3 for firefighters as it is conforming statute to sections 1 and 2 of the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future and reflected in future premium and claims costs.