



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0094	Introduced on January 12, 2021
Author:	Malloy	
Subject:	Workers' Comp	
Requestor:	Senate Judiciary	
RFA Analyst(s):	Miller	
Impact Date:	March 16, 2021	Updated for Additional Agency Response

Fiscal Impact Summary

This bill will have no expenditure impact because it does not materially alter the responsibilities of the Workers' Compensation Commission. The Other Funds expenditure impact for the State Accident Fund is undetermined beginning in FY 2021-22, dependent upon the number of newly compensable claims granted due to this bill. Additionally, this bill will result in an undetermined increase in General Fund, Other Funds, and/or Federal Funds expenditures for agencies with first responder employees for the potential increase in workers compensation insurance premiums beginning in FY 2021-22 to offset the increase in expenditures for the State Accident Fund.

Additionally, this bill will result in an increase in local expenditures due to the potential increase in workers compensation costs for first responders. Both the South Carolina Association of Counties and the Municipal Association of South Carolina offer workers compensation to local governing entities and estimate this bill will result in an increase in workers compensation premiums of 10 to 20 percent.

This fiscal impact statement has been updated for additional responses from the State Accident Fund, the South Carolina Association of Counties, and the Municipal Associations of South Carolina.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 5, 2021

Introduced on January 12, 2021

State Expenditure

This bill exempts first responders from having to establish by a preponderance of the evidence that stress, mental injury, or mental illness arising out of or in the course of employment stems from conditions that are extraordinary or unusual relative to the normal conditions of employment for purposes of collecting workers' compensation. Currently, if a first responder's stress, mental injury, or mental illness arise from normal working conditions, the first responder is not considered injured for purposes of collecting workers' compensations. This bill will allow a first responder to qualify for injury-related workers' compensation if the stress, mental injury, or mental illness arises from normal working conditions. This bill includes firefighters,

volunteer firefighters, law enforcement officers, volunteer law enforcement officers, emergency medical technicians, and paramedics. This bill takes effect upon approval of the Governor.

Workers Compensation Commission. This bill does not materially alter the responsibilities of the agency. Therefore, this bill will have no expenditure impact on the Workers' Compensation Commission.

State Accident Fund. This bill will result in an increase in the number of successful workers compensation claims. Additionally, this bill will result in an increase in the cost of workers compensation insurance coverage, dependent upon the number of newly successful workers compensation claims filed by first responders whose stress or mental illness stem from the normal conditions of their jobs.

The State Accident Fund offers workers compensation insurance for state agencies. The State Accident Fund anticipates this bill will result in an increase in the number of successful workers compensation claims filed. This will result in an increase in Other Funds expenditure for the State Accident Fund to cover these claims. The following is the number of first responders covered through the State Accident Fund:

- EMTs and Paramedics: 728
- Firefighters: 1,396
- Volunteer Firefighters: 2,385
- Law Enforcement: 7,677

Any increase in Other Funds expenditures for the State Accident Fund will be offset by an increase in workers compensation premiums. Those agencies that employ first responders will have an increase in insurance premiums due to this increase in coverage. However, as the increase in the compensable claims is unknown, the increase to premiums is undetermined. Therefore, this bill will result in an increase in General Fund, Other Funds, and/or Federal Funds expenditures for those agencies employing first responders to cover the increased cost of workers compensation insurance premiums beginning in FY 2021-22.

State Revenue

As discussed above, this bill will increase the number of compensable workers compensation claims, resulting in an increase in Other Funds expenditures for the State Accident Fund to cover these new claims. However, RFA anticipates any increase in expenditures will be offset by an increase in workers compensation insurance premiums. Therefore, this bill will result in an increase in Other Funds revenue for the State Accident Fund beginning in FY 2021-22.

Local Expenditure

This bill may result in an increase in the cost of workers compensation insurance coverage, dependent upon the number of new workers compensation claims likely to be filed by first responders whose stress or mental illness stem from the normal conditions of their jobs. Those local entities that employ first responders may see an increase in insurance premiums due to this increase of coverage. The South Carolina Association of Counties (SCAC) provides locals with workers compensation insurance coverage through the South Carolina Counties Workers

Compensation Trust (SCCWCT). SCAC estimates the number of first responders covered in the SCCWCT totals approximately 19,000, including EMS. Additionally, based on an initial review, SCAC anticipates this bill will result in a 15 to 20 percent increase to the Trust and a corresponding increase to premiums for locals that have first responders covered under their policies within SCCWCT. Current premiums vary dependent upon the number of persons covered and other factors.

Additionally, the Municipal Association of South Carolina (MASC) offers locals workers compensation coverage. MASC covers 130 of the 271 municipalities within the SC Municipal Insurance Trust (SCMIT). MASC estimates approximately 6,807 of the 18,000 covered lives within the SCMIT are first responders. SCMIT's actuaries estimate that this bill will increase the cost to the Trust and a corresponding increase to premiums by 10 to 20 percent. The annual expense for the Trust varies annually, dependent upon the number of successful claims. SCMIT's claims expense for 2019 and 2020 were \$12,200,000 and \$18,900,000, respectively. Using an average of \$15,000,000, SCMIT estimated the potential expenditure increase may be between \$1,500,000 and \$3,000,000 annually, beginning in FY 2021-22. This increase will result in a corresponding total increase in premiums for the 130 municipalities to offset the expenditures to SCMIT. By dividing the estimated increase of \$1,500,000 to \$3,000,000 by the 130 municipalities, the resulting average increase in premiums will be between \$12,000 and \$23,000 annually for each municipality. To estimate the potential impact of this bill, MASC's analyst looked at similar bills from other states as a factor, among other resources. These states included: Florida, Idaho, Minnesota, and South Dakota. MASC emphasized that this potential impact is just an estimate. The actual impact will depend upon the number of newly compensable claims due to this bill, and the actual premium increase for each municipality will depend upon the number of lives covered and other relevant factors.

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill exempts first responders from having to establish by a preponderance of the evidence that stress, mental injury, or mental illness arising out of or in the course of employment stems from conditions that are extraordinary or unusual relative to the normal conditions of employment for purposes of collecting workers' compensation. Currently, if a first responder's stress, mental injury, or mental illness arise from normal working conditions, the first responder is not considered injured for purposes of collecting workers' compensations. This bill would allow a first responder to qualify for injury-related workers' compensation if the stress, mental injury, or mental illness arise from normal working conditions. This bill takes effect upon approval of the Governor.

Workers Compensation Commission. This bill does not materially alter the responsibilities of the agency. Therefore, this bill will have no expenditure impact on the Workers' Compensation Commission.

State Accident Fund. This bill may result in an increase in the cost of workers compensation insurance coverage dependent upon the number of new workers compensation claims likely to be filed by first responders whose stress or mental illness stem from the normal conditions of their jobs. Those agencies that employ first responders may see an increase in insurance premiums due to this increase of coverage. The State Accident Fund offers workers compensation insurance for state agencies. The potential expenditure impact of this bill is undetermined, contingent upon additional response from the State Accident Fund.

State Revenue

N/A

Local Expenditure

This bill may result in an increase in the cost of workers compensation insurance coverage dependent upon the number of new workers compensation claims likely to be filed by first responders whose stress or mental illness stem from the normal conditions of their jobs. Those local entities that employ first responders may see an increase in insurance premiums due to this increase of coverage. The South Carolina Association of Counties provides locals with workers compensation insurance coverage through the South Carolina Counties Workers Compensation Trust (SCCWCT). Additionally, the Municipal Association of South Carolina offers locals workers compensation coverage. The local expenditure impact of this bill is pending contingent upon additional response from SCAC and MASC.

Local Revenue

N/A



Frank A. Rainwater, Executive Director