

HF37 - 0 - Workers' Comp; Certain School Employees; COVID-19

Chief Author: **John Huot**
 Committee: **Labor, Industry, Veterans and Military Affairs
 Finance and Policy**
 Date Completed: **1/25/2021 1:51:50 PM**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Administrative Hearings

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept						
Workers Compensation		14	14	-	-	-
State Total		14	14	-	-	-
Total		14	14	-	-	-
Biennial Total				14		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept					
Workers Compensation	.12	.12	-	-	-
Total	.12	.12	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 1/25/2021 1:51:50 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept						
Workers Compensation		14	14	-	-	-
	Total	14	14	-	-	-
	Biennial Total			14		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Labor and Industry Dept						
Workers Compensation		14	14	-	-	-
	Total	14	14	-	-	-
	Biennial Total			14		-
2 - Revenues, Transfers In*						
Labor and Industry Dept						
Workers Compensation		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

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 Agency: **Labor and Industry Dept**

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Expenditures	X	
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Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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	FY2021	FY2022	FY2023	FY2024	FY2025
Workers Compensation	.12	.12	-	-	-
Total	.12	.12	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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Workers Compensation	14	14	-	-	-	-
Total	14	14	-	-	-	-
Biennial Total			14			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Workers Compensation	14	14	-	-	-	-
Total	14	14	-	-	-	-
Biennial Total			14			-
2 - Revenues, Transfers In*						
Workers Compensation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill creates a workers' compensation presumption of eligibility for school employees who contract COVID-19.

By August 15, 2021, the Commissioner of the Department of Labor & Industry (DLI) shall provide an updated report on COVID-19 workers' compensation claims to the Workers' Compensation Advisory Council and chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over workers' compensation and education finance and policy.

This bill is effective the day following final enactment and applies retroactively for employees who contracted COVID-19 on or after July 15, 2020.

This bill sunsets on July 30, 2021.

Assumptions

The department receives over 30,000 First Reports of Injury (FROI) claims annually. The impact of these additional 168 estimated claims resulting from this bill, which would be submitted through the Campus/EDI system, would have minimal impact on the overall work of the compliance and records process and staff in CRT, and would be absorbed through existing resources.

This bill will not impact the Special Compensation Fund (SCF) for two reasons: 1. The SCF administers claims of uninsured workers and assesses penalties against uninsured employers. It is extremely unlikely any of the industries covered by the presumption are uninsured for workers' compensation coverage. Therefore, the SCF will not assume liability for payment of benefits due, nor will penalties for failure to carry workers' compensation insurance coverage be assessed. 2. The SCF also administers claims for second injury fund and supplementary benefits, both programs having been repealed in the early to mid-1990s. Under both programs, the SCF does not accept claims for dates of injury after 7/1/1992 and 10/1/1995, respectively. All claims under these programs are currently in runoff mode. Therefore, there will be no payment of benefits by the SCF for dates of injury after 10/1/1995.

The MN Workers' Compensation Response to COVID-19 report that was due to the legislature on January 15, 2021 took approximately 477 hours (0.23 FTE) and cost approximately \$28,500 to prepare. DLI assumes this time and cost to remain the same for the updated report due August 15, 2021. This report is coordinated and prepared by DLI's Research and Statistics unit. DLI anticipates this cost being split evenly between FY21 and FY22.

DLI's Office of General Counsel (OGC) estimates this bill will require approximately 60 hours (0.03 FTE) of Comp Attorney

Principal time performing analysis, stakeholder education, and meetings. The 0.03 FTE is considered immaterial and can be absorbed through existing resources.

Expenditure and/or Revenue Formula

Cost to prepare the report: \$28,500 = 477 hours X \$59.70/hourly rate for DLI's Research and Statistics unit.

Long-Term Fiscal Considerations

Local Fiscal Impact

DLI has 56 claims reported through December 28, 2020 for public school employees. With the presumption, DLI estimates we may end up with three times as many claims through July 2021, which is a total estimate of 168 claims reported. Based on other presumption groups, DLI estimates 70%, or 118 indemnity claims, would be accepted for benefits.

The average weekly wage for health care workers is approximately \$1,200 (based on the Quarterly Census of Employment and Wages), meaning the temporary total disability (TTD) weekly benefits are \$800. For three weeks of benefits plus an average of \$600 for medical expenses, DLI estimates an average cost of \$3,000 per claim, with a total benefit payment of \$354,000.

Without the presumption and with more schools opening for on-site teaching, DLI estimates that the number of claims filed could be twice as high in the next seven months, so another 112 claims would be filed. Without the presumption, only about 50% of the claims would be accepted for benefits, similar to the current acceptance rate. This means 56 paid indemnity claims. At \$3,000 per claim, these claims' benefits would total \$168,000.

The total estimated cost impact on schools is the estimated total of claims with the presumption minus the cost of claims that would have been received even without the presumption, which results in a total estimated cost of \$186,000.

References/Sources

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Chief Author: **John Huot**
 Committee: **Labor, Industry, Veterans and Military Affairs Finance and Policy**
 Date Completed: **1/25/2021 1:51:50 PM**
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2021	FY2022	FY2023	FY2024	FY2025
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF37 provides for certain school employees to file a claim for workers' compensation after contracting COVID-19 in the course of their employment.

Assumptions

The Office of Administrative Hearings (OAH) assumes that the current complement of workers' compensation judges employed by OAH is sufficient to preside over any disputes arising from claims under HF37. No additional funds would be needed for this work.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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