Local Government Mandate Statement Kentucky Legislative Research Commission 2021 Regular Session

Part I: Measure Information

Bill Request #: 473
Bill #: HB 500
Document ID #: 997
Bill Subject/Title: AN ACT relating to workers' compensation for first responders.
Sponsor: Representative Joni L. Jenkins
Unit of Government: X City X County X Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: X
Requirement: X Mandatory Optional
Effect on Powers & Duties: Modifies ExistingX Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 500 expands the definition of "injury" to include a psychological, psychiatric, or stress-related change that is not a direct result of a physical injury as it relates to police officers, firefighters, or emergency medical services personnel and front-line staff.

HB 500 also creates a new section of KRS Chapter 342 to provide that if an injury is the result of a work-related event, either a single incidence or cumulative stress, then that injury shall be considered arising out of employment if it was extraordinary and unusual in comparison to pressures and tensions experienced by the average employee across all occupations; and can be proven to be related to a work-related event or cumulative work-related stress.

Disciplinary action, work evaluation, job transfer, layoff, demotion, termination, or similar action taken in good faith by the employer is NOT considered a work-related injury.

If a police officer, firefighter, emergency medical services personnel or front-line staff is diagnosed with post-traumatic stress disorder within three years of active employment in that capacity, then such an injury shall be covered and the last employer with whom the employee was exposed to the harmful stress shall be exclusively liable for benefits. In addition, the bill would establish that, if a first responder is diagnosed with post-traumatic stress disorder (PTSD) by a qualified mental health professional, there would be a presumption that the PTSD is an injury covered by workers' compensation insurance.

The fiscal impact of HB 500 on local governments is undeterminable.

A 2017 survey published by the University of Phoenix consisting of 2,000 first responders, including nurses, paramedics, EMTs, police officers, and firefighters reflected the following:

- 85% of first responders said that they have symptoms related to mental health issues,
- 84% said that they have experienced something traumatic while working,
- 27% have been diagnosed with depression,
- 10% have been diagnosed with post-traumatic stress disorder,
- 69% have experienced a lack of sleep,
- 46% have experienced anxiety.

The expense to local governments is not tied to an actual payout resulting from income or medical and related benefits, but in the premiums paid for the workers compensation insurance. Future premiums may be adjusted due to history which does not currently exist. If a local government opts to self-insure, they might open themselves up to an undeterminable liability.

In 1972, the General Assembly amended the workers' compensation law and required governmental units to provide workers' compensation insurance for their employees (KRS 342.630). Any city having one or more employees is subject to the Kentucky Workers' Compensation Law (KRS 342.630) and is liable to pay compensation to any employee for any work-related injury, occupational disease, or death caused to the employee (KRS 342.610).

A city must establish a method for paying workers' compensation claims. It may purchase insurance from a company authorized to sell workers' compensation insurance. It may self-insure, in which case it must furnish proof to the state that it has the financial ability to directly pay claims under the law. Upon furnishing adequate proof and acceptable security, a city receives a certificate of self-insurance. A city may also join other local governments and form a mutual insurance association or reciprocal of interinsurance exchanges (KRS 342.340 and related laws).

One local government service area that would not have an impact on local governments are volunteer fire departments and volunteer ambulance services. The Kentucky Fire Commission using funds derived from the Firefighters Foundation Program currently provides workers compensation coverage for all of the volunteer fire departments and volunteer ambulance services throughout the state. Likewise, rescue squads meeting the

requirements set forth in KRS 39F.010 through 39F.120 and conducting activities permitted by statute, receive workers compensation coverage provided by Kentucky Emergency Management.

Albeit Kentucky does not have historical data available, a number of states have implemented similar legislation.

Colorado HB 17-1229 (effective July, 2018) extended workers' comp coverage to include "mental impairment" due to a psychologically traumatic event or to post-traumatic stress disorder (PTSD) diagnosed after exposure or repeated exposure to one or more of 3 specific types of traumatic events. A representative of Pinnacol Assurance, a political subdivision of the State of Colorado that provides workers' comp insurance for most of the state's public entities that are not self-insured, reported that they have seen no major impact from the changes. Pinnacol lowered its rates for workers' comp insurance in 2019 for the fourth consecutive year, due to cost saving measures unrelated to Colorado HB 17-1229.

Texas House Bill 1983, effective September 1, 2017, provides workers' comp coverage for PTSD specifically to certain first responders. As of December 2018 Texas had experienced no increase in claims or average pay-out to claimants, nor had the premium rates for workers' comp insurance increased.

The State of Vermont amended its workers compensation law effective June 2017 to extend coverage for post-traumatic stress disorder to police officers, rescue or ambulance workers and firefighters who experience extraordinary stress relative to other persons in the same occupation, but only if diagnosed by a mental health professional within 3 years of the last active date of employment in the identified professions. Vermont's Legislative Joint Fiscal Office estimated that the bill would not cost anything in the 2018 fiscal year and cost no more than \$126,000 in the 2019 fiscal year. However, the Vermont League of Cities and Towns (VLCT) reported that, for the 25 years prior to passage of the 2017 bill the VLCT averaged 3.44 workers compensation claims for mental injury per year. In December 2018 VLCT stated it had received 20 claims from emergency responders, indicating a dramatic increase in such claims.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II refers to HB 500 as introduced.

Data Source(s): LRC Staff; KENTUCKY MUNICIPAL STATUTORY LAW,

Informational Bulletin No. 145 (Revised July 2020); COUNTY

GOVERNMNET IN KENTUCKY INFO Bulletin NO. 115 (Revised Sept

2020); Pinnacol Assurance; Kentucky Employers Mutual Insurance; Vermont League of Cities and Towns; Texas Department of Insurance,

Division of Workers Compensation

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 2/11/21