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BILL ANALYSIS

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Senate Bill 211 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Tory Rocca
Committee: Judiciary

CONTENT

The bill would amend the Worker's Disability Compensation Act to include respiratory tract, bladder, skin, brain, kidney, blood, thyroid, testicular, prostate, and lymphatic cancers as a "personal injury" for a member of a fully paid fire department or public fire authority who had been in active service for 60 months or more when the cancer manifested itself, and who was exposed to the hazards incidental to fire suppression, rescue, or emergency medical services in the performance of his or her work-related duties.

In a fiscal year for which the Legislature appropriated money for the reimbursement of additional benefits resulting from the presumption as to these cancers, they would be presumed to arise out of and in the course of employment in the absence of affirmative evidence of nonwork-related causation or specific incidents that established a cause independent of the employment. The cancer could be shown not to arise out of and in the course of employment if a party introduced scientific evidence that the fire department or public fire authority member was a substantial and consistent user of cigarettes or other tobacco products within the 10 years immediately preceding the date of injury, and that that use was a significant factor in the cause, aggravation, or progression of the cancer.

The bill also would do the following:

-- Require the Department of Licensing and Regulatory Affairs (LARA) to create and operate a First Responder Presumed Coverage Reimbursement Program to reimburse carriers for certain costs of worker's compensation benefits, to offset the cost of additional benefits resulting from the bill's presumption as to the specific cancers.
-- Create the "First Responders Presumed Coverage Reimbursement Fund" in the State Treasury, and authorize LARA to spend money from the Fund, upon appropriation, only to create, operate, and fund the Program.
-- Require LARA to report annually to the State Budget Director and the Senate and House Appropriations Committees regarding the total applications received under the Program, the number of applications approved and the total funding awarded, and the amount of administrative costs used to administer the Program in the preceding year.
-- Prohibit LARA from implementing the Program until the Legislature appropriated sufficient funds to cover it.
-- Limit the amount that could be used for administrative purposes to 1% of the annual appropriation made to the Fund.
-- Require the Worker's Compensation Agency to report annually, by January 31, to the Senate and House Appropriations Committees regarding the additional cost of benefits that would be payable in the next fiscal year and the amount of any anticipated shortfall in Program funds necessary for it to make reimbursements for the current fiscal year.

MCL 418.405

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on both the State and local units of government. Under the bill, members of fully paid fire departments or public fire authorities would be eligible for worker's compensation benefits for certain types of illnesses. The bill would establish a reimbursement program administered by the Worker's Compensation Agency within the Department of Licensing and Regulatory Affairs that would reimburse carriers for expenses incurred under the bill. Funds for the reimbursement program would be subject to appropriation to the First Responders Presumed Coverage Reimbursement Fund, which the bill would establish. As long as the Fund had a sufficient balance, any worker's compensation claims filed under the provisions of the bill would be reimbursed by the State, and presumably would not affect the worker's compensation insurance rates paid by fire departments or public fire authorities. If sufficient funds were not available and claims were not reimbursed, carriers would be allowed to increase rates in the following year to compensate for those claims. The fiscal impact of the bill is indeterminate because it depends on whether the current or a future Legislature takes further action. If funds were not appropriated for the reimbursement program, the bill would have a negative fiscal impact on local units of government, and no fiscal impact on the State. If funds were appropriated, the opposite would be true.

Date Completed: 5-6-14 Fiscal Analyst: Josh Sefton