



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 18, 2022

Honorable Dean Burke
Chairman, Senate Insurance and Labor
Committee
421 State Capitol SW
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill 484 (LC 36 5106)

Dear Chairman Burke:

This bill would provide workers' compensation coverage to first responders for post-traumatic stress disorder arising during the course of employment. First responders in this case refer to an employee working for a public entity as a peace officer, correctional officer, emergency health worker, firefighter, highway emergency response operator, jail officer, juvenile correctional officer, probation officer, or emergency services dispatcher. Employees must experience a "psychologically traumatic event" during the course of employment, defined as witnessing visually and/or audibly a serious bodily injury, death, or the aftermath of either. If this law comes into effect, this coverage would only be available to first responders who experience a psychologically traumatic event on or after July 1, 2022. A fiscal note was issued for a similar bill (HB 855) in January.

Estimating the annual increased cost of this legislation is difficult due to the uncertainty of the percentage of first responders who will develop PTSD resulting from a psychologically traumatic event and the percentage of those who may file a claim during a year. Based on data obtained from the Georgia Department of Administrative Services (DOAS) and industry research, this bill would increase costs associated with state workers' compensation claims by an estimated \$3.1 million to \$15.7 million annually, depending on the number of additional claims.

According to DOAS, additional state expenditures may be necessary if annual claim expenses exceed annual revenues (e.g., premiums paid by state entities) and the Workers' Compensation Fund's reserves are insufficient to address a deficit. In addition, the State Board of Workers' Compensation indicated that increased claims may require additional funding for staffing increases, though they were unable to provide an estimate.

State Cost of Workers' Compensation Claims

Data from DOAS indicates there are 32,650 first responders currently employed by various state agencies. Based on the research, first responders are more likely to develop PTSD resulting from their employment than the general population, with estimates ranging from 10% to 30% of total first responders. This suggests that 3,265 to 9,795 first responders would develop PTSD over the course of employment. For the cost analysis shown in **Table 1**, 20% or 6,530 eligible first responders will be assumed.

These claims would not occur in a single year, but over time. In addition, the bill would only allow claims from first responders who experience a psychologically traumatic event on or after July 1, 2022. Therefore, initial costs may be low but rise over time.

Table 1 illustrates potential annual costs depending upon the number of eligible claims incurred in a year. Calculations are made based upon the average annual payout amount per claim of \$4,800 as provided by DOAS, and assuming 20% (or 6,530) of all first responders develop PTSD over the course of employment. For example, if 10% of 6,530 first responders file one eligible claim each year, annual costs are estimated to be \$3.1 million.

Table 1: Eligible Costs Depend on Portion of Eligible Population Filing a Claim

Percentage of 6,530 First Responders Filing One Eligible Claim Annually	Annual Cost of Claims
10%	\$3,134,400
25%	\$7,836,000
50%	\$15,672,000

DOAS noted that the fund used to support these costs held a reserve of \$6.3 million at the end of fiscal year 2021. Therefore, any costs exceeding annual revenues and fund reserves would require additional state appropriations.

Additional State and Local Costs

In addition to state costs, local governments would experience a fiscal impact due to increased claims.

The State Board of Workers' Compensation (SBWC) indicated that this legislation would likely require additional litigation, mediation, and settlement services. While the exact fiscal impact to the agency would depend upon the number of claims involved, SWBC indicated additional state appropriations may be needed for increased administrative and call center staff.

There are additional factors that may increase the cost of implementing this bill but are unknown at this time. These include whether PTSD claims are more likely to involve higher costs or long-term treatments in comparison to current claims.

Respectfully,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget

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