

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

The intent of LB 400 is to provide for compensation under the Nebraska Workers' Compensation Act for cancers experienced by firefighters. With the passage of LB 400, cancer that results in either temporary or permanent disability or death becomes an occupational disease and is compensable as such. The bill requires the presumption that cancer experienced by an active or retired firefighter arose out of the course of employment. Retired firefighters would be eligible only for the medical benefits and must be diagnosed within 60 months of retiring.

The State of Nebraska currently has 75 public servants (airport firefighters and state fire marshal staff) that could meet the definition of firefighters, investigators, and instructors. The Department of Administrative Services (DAS) Risk Management division uses data provided by the National Institute for Occupational Safety and Health, and by the Social Security Administration, to estimate the potential fiscal impact to the State of Nebraska. The chart below illustrates the potential expenditures, assuming all 75 firefighters were to receive all benefits:

Benefit type	Annual Estimate
Workers' Comp indemnity	\$40,300
Cancer treatment	\$150,000
Care - in-home or facility (avg)	\$150,000
Total	\$340,300

While DAS acknowledges that LB 400 is likely to have a fiscal impact, the exact amount, and timing, are unable to be determined at this time. The DAS – Risk Management Workers' Compensation Program is a Revolving fund program that is funded by an annual assessment to state agencies, boards and commissions, the University and State Colleges. Should expenses related to LB 400 exceed available Revolving fund appropriations, DAS would request an increase to their Revolving fund appropriation, as either a deficit request or a new biennium request.

Those expenses would then be charged back to impacted agencies, which could result in requests for increased appropriations for the funds used by those agencies.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 400	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Ryan Walton		DATE: 2/25/2025	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the DAS's assessment of fiscal impact from LB 400.			

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 400

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Risk Management - ENTERPRISE

Prepared by: ⁽³⁾ Sarah Skinner Date Prepared: ⁽⁴⁾ 1/24/25 Phone: ⁽⁵⁾ 402-419-4229

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$204,822		\$204,822	
CASH FUNDS	\$87,096		\$87,096	
FEDERAL FUNDS	\$35,684		\$35,684	
REVOLVING FUNDS	\$12,698		\$12,698	
REVOLVING FUNDS – DAS RISK	\$340,300	\$340,300	\$340,300	\$340,300
TOTAL FUNDS	<u>\$680,600</u>	<u>\$340,300</u>	<u>\$680,000</u>	<u>\$340,300</u>

Explanation of Estimate:

LB 400 proposes to amend the Nebraska Workers' Compensation Act to include cancer of a firefighter developed in the course of employment from exposure to carcinogens. The bill requires a rebuttable presumption that cancer experienced by a firefighter, including a retired firefighter, arose out of the course of employment. A retired firefighter filing a claim would not be entitled to receive any compensation for such cancer under the Nebraska Workers' Compensation Act other than medical benefits and must be diagnosed within sixty months of retiring.

The State of Nebraska currently has 75 public servants (airport firefighters and state fire marshal staff) that could meet the definition of firefighters, investigators, and instructors. According to a National Institute for Occupational Safety and Health study, firefighters have a 9% higher risk of being diagnosed with cancer and a 14% higher risk of dying from cancer than the general public. In addition, cancer caused 70 percent of the line-of-duty deaths for career firefighters in 2016.

An example of one of these public servants would be a 30-year-old with a 52-year life expectancy per the Social Security Administration actuarial life table: 52 years X 52 weeks per year = 2,704 weeks remaining for life expectancy. Using a \$28.91 per hour average hourly rate X 40 hours per week equals \$1,156 average weekly wage. At two-thirds Total Permanent Disability (TPD) the rate would be \$775 per week. The worker with cancer would receive \$775 per week for the remaining life expectancy X 2,704 weeks for a total indemnity benefit of \$2,095,600. In addition, the American Association of Retired Persons (AARP) estimates the average cancer treatment costs to be \$150,000. Finally, the cost of in-home or long-term care ranges from \$25,000 to \$250,000 per year. There would be increasing costs over the estimated 52-year life expectancy.

Total possible expense for one person diagnosed with cancer could be \$2,095,600 for total indemnity, \$150,000 for cancer treatment per year including maintenance treatments and an additional \$25,000 to \$250,000 per year if they required in-home care or reside in a long-term care facility.

The DAS - Risk Management Workers' Compensation Program is a revolving fund program and is funded by an annual assessment that includes all agencies, boards and commissions, the University and state colleges. Any increase in costs over time would increase the amount assessed and would require additional revolving fund appropriation.

Using the information above assumptions were made to calculate an annual Enterprise and DAS Risk Management fiscal impact by fund type.

Workers' Compensation indemnity benefits (\$775 X 52 weeks)	\$40,300
Cancer Treatment – ongoing & maintenance	\$150,000
Care – in home or facility (average)	\$150,000
Total	\$340,300

The table below summarizes the impact of the estimated increase in expenditures required by an increase in the assessment by fund type. The allocation by fund type is based on a five-year (2020-2024) average of the payment of previous workers' compensation assessments.

Fund Type	Estimated Expenditures
General Fund	\$204,822
Cash Fund	\$87,096
Federal Fund	\$35,684
Revolving Fund	\$12,698
Total	\$340,300

LB 400 is likely to have a fiscal impact as estimated by the figures above, but the exact amount is not determinable at this time.

<u>BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE</u>				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$680,600	\$680,600
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$680,600	\$680,600