



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0394.02 (001): Provide for workers' compensation coverage of PTSD for first responders**

Primary Sponsor: Cora Neumann Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$697,527	\$697,527	\$707,990	\$718,610
<b>Revenues</b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$697,527	\$697,527	\$707,990	\$718,610
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact

SB 394 specifies that post-traumatic stress disorder (PTSD) is a new type of injury that is eligible for worker's compensation insurance for Montana's first responders with injuries or occupational disease caused by events that arise out of the course and scope of employment. Montana employers who provide workers' compensation insurance coverage for these first responders will have premiums increased due to an increase in claims for this type of coverage.

### FISCAL ANALYSIS

#### Assumptions

#### Montana State Fund

1. The National Council of Compensation Insurance (NCCI) analyzed the cost of this legislation on the Montana workers' compensation (WC) system and found it would result in an indeterminant increase for Montana with a substantial portion of the costs impacting governmental entities as the primary employers of the affected employees.
2. NCCI's analysis concluded, "if enacted, the expected cost impact to an individual first responder classifications in Montana could be significant", with significant defined as an overall impact of greater than 3% with no upper bound indicated.
3. PTSD injuries are only applicable to Montana's injured employees who are first responders and who are diagnosed with PTSD caused by an event or events arising out of the course and scope of employment.

4. The bill, as the second amendment proposes, defines “first responder” to mean a firefighter, a law enforcement officer, or an emergency care provider as defined in 50-6-202(2), MCA.
5. MSF’s analysis of the costs considers coverage of firefighters (paid and volunteer), police officers, highway patrol, and EMT / paramedics classification codes.
6. MSF’s analysis does not include the exposure of employees that may be ‘any other authorized person’ who responds to an emergency in a professional capacity.’ For example, nurses or physicians who respond to an event.
7. MSF cannot specifically estimate the potential claim benefit and premium increases as PTSD has not previously been covered under Montana’s workers’ compensation laws and therefore does not have specific data pertaining to PTSD claim frequency or severity in Montana. The MSF cost analysis is based on similar laws and studies conducted when PTSD entitlements were enacted in other states.
8. MSF estimates the annual cost for the overall Montana WC system will be \$897,795 based on the defined first responder exposure. This is the basis for the amounts noted in the fiscal impact table for FY 2026 and FY 2027 then increasing by 1.5% for FY 2028 and FY 2029.
9. This cost is separated in the following table showing Montana’s WC System claim cost and the segregation of MSF and plan 1 and plan 2 carriers’ costs. The claim amounts are based on MSF’s 2023 experience and Oregon’s claim frequency data. The total Montana WC system cost is \$897,795. The cost is separated \$697,527 to MSF and \$200,268 to plan 1 and plan 2 carriers:

<b>SB 394</b>			
Montana PTSD Claim Cost	MT WC System	MSF	Plans 1 and 2
Wage Loss Claims	8	6	2
Wage Loss Claim Costs	\$543,609	\$414,178	\$129,431
Medical Only Claims	25	20	5
Medical Only Claim Cost	\$354,187	\$283,350	\$70,837
Total PTSD Claims	33	26	7
Total PTSD Cost	\$897,796	\$697,528	\$200,268

10. MSF insures the state agencies workers’ compensation liability and this cost is included in the MSF amounts in the ‘Montana PTSD Claim Cost’ table below. MSF estimates an increase in annual claim costs of \$697,527 for MSF’s book of business.
11. Specific to the State of Montana: the original fiscal note estimated a \$201,000 increase specific to state agencies. Because a significant percentage of “first responders” as defined in SB 394 are Department of Corrections detention officers, MSF estimates that excluding this classification code could reduce the fiscal impact by half, to approximately \$101,000.
12. MSF cannot identify what portion of this increase in claim cost will come from general fund, state special or federal funds.

**Department of Labor and Industry**

13. Covering PTSD under Workers’ Compensation may result in increased orders, settlements, or mediations. The costs associated with this bill will be minimal, and the Department of Labor and Industry (DLI) will utilize existing resources to cover those costs. There will not be a fiscal impact for DLI.

**State Agencies**

14. To the extent that Montana State Fund premiums increase, state agencies who employee first responders will be affected. However, the impact is anticipated to be minimal.

## Fiscal Analysis Table

## Montana State Fund

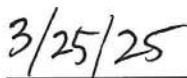
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Benefits	\$697,527	\$697,527	\$707,990	\$718,610
<b>TOTAL Expenditures</b>	<b>\$697,527</b>	<b>\$697,527</b>	<b>\$707,990</b>	<b>\$718,610</b>
<b><u>Funding of Expenditures</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$697,527	\$697,527	\$707,990	\$718,610
<b>TOTAL Funding of Expenditures</b>	<b>\$697,527</b>	<b>\$697,527</b>	<b>\$707,990</b>	<b>\$718,610</b>
<b><u>Revenues</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$697,527	\$697,527	\$707,990	\$718,610
<b>TOTAL Revenues</b>	<b>\$697,527</b>	<b>\$697,527</b>	<b>\$707,990</b>	<b>\$718,610</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$0	\$0	\$0

**Technical Concerns**

- Section 1 may give rise to constitutional equal protection concerns. Specifically, the class of individuals defined as "first responders" in subsection (4) are entitled by the bill to workers' compensation benefits for PTSD. All other individuals are prohibited from such benefits for the same diagnosis. This would be true even if the non-first responder was diagnosed with PTSD based on events in the course and scope of employment.



Sponsor's Initials



Date



Budget Director's Initials

3/24/2025

Date