



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

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### **H.297 – An act relating to providing workers’ compensation coverage for post-traumatic stress disorder suffered by certain State employees**

**As recommended by the House Committee on General and Housing, Draft 1.3**

#### **Bill Summary**

**T**his bill makes changes to workers’ compensation relating to post traumatic stress disorder (PTSD) for certain State employees. Under current law State employees are eligible for workers’ compensation for PTSD if they are able to demonstrate that it is a result of an event or events that occurred in the workplace or while conducting duties related to work. Currently, the burden of proof is on employees (with some exceptions); this bill shifts that requirement onto the State. The bill would also make these employees eligible to claim workers’ compensation up to three years following their last active date of employment in their eligible role.

***As of January 29, 2024, 1,528 active State employees would be covered by this bill.***

#### **Fiscal Impact**

The Joint Fiscal Office estimates that the bill may increase the cost of workers’ compensation benefits by approximately \$425,000 annually and may result in an additional \$105,000 in attorney fees at the Agency of Administration (AoA) annually. Benefits costs are expected to increase as a result of the change in presumption of proof and increased awareness of workers’ compensation benefits within the group of eligible employees. Attorney fees would likely increase due to the expected increase in claims. Over time the estimated increased cost of workers’ compensation benefits paid would be borne by the General Fund, federal funds, and other special funds, but an immediate impact for fiscal year 25 is not anticipated.

#### **Background and Details**

As of January 29, 2024 there were 1,528 active State employees that the change in presumption would apply to. These employees include those who:

- are facility employees at the Department of Corrections,
- are employees at the Department of Corrections who provide direct security or treatment services to offenders,
- are classified employees of State-operated therapeutic community residences or inpatient psychiatric hospital units,
- are classified employees of public safety answering points,

- are classified employees of the Family Services Division of the Department for Children and Families,
- are classified employees of the Vermont Veteran’s Home, or
- are employees of the Department of State’s Attorneys and Sheriffs.

Group	Active Employee Count as of Jan. 29, 2024
DCF – Family Services Division	335
DMH – Psychiatric Facilities	128
DPS – Dispatching (PSAP)	54
DOC – Facility, P&P, Work Crews	780
Vermont Veterans’ Home	127
State’s Attorneys and Sheriffs	104
<b>Total</b>	<b>1,528</b>

This bill would shift the burden of proof that the triggering event occurred at work from the employee to the State as the employer. This burden of proof setup currently applies to police officers, rescue or ambulance workers, and firefighters. These employees would also be eligible to claim workers’ compensation related to PTSD for up to three years following the last active date of employment in their eligible role. This bill is likely to increase the number of workers’ compensation claims relating to PTSD, which will likely lead to an increase in the annual cost of benefits and attorney fees at AoA.

### **Impact on Workers’ Compensation Benefits Payments**

The average cost of annual benefits paid annually per PTSD claim is approximately \$12,280. Acceptance rates are expected to increase, as are the overall number of claims related to PTSD. The changes in the bill are expected to result in an increase in accepted PTSD related claims annually, which is estimated to potentially result in approximately \$425,000 in additional benefits paid beyond what has been typical in past years.

### **Impact on Workers’ Compensation Benefits Premiums**

State employee costs are paid for from a variety of fund sources, depending on the department and function. Ultimately the impact will depend on the experience – the number of claims filed and the severity of those claims. Some State agencies rely more heavily on federal funds or special funds, while others are completely funded by General Fund dollars.

AoA administers the State Employees’ Workers’ Compensation Fund to provide self-insurance coverage for all officers and State employees, including those referenced in this bill. All State agencies, departments, boards, and commissions participate in the program and contribute to the fund.

Workers’ compensation premiums are established using actuarial analysis of claims liability plus program operating costs. Premiums are then allocated to program participants based on department-specific loss over the previous five fiscal years, and loss exposure weighted by job duties for employees in each department. For example, a correctional officer has higher loss exposure than an office administrator. Departments build those premiums into their budgets each year and, depending on the loss exposure of employees in each department and the source of funding, determine the impact on each fund.

**The Joint Fiscal Office does not expect these changes related to workers’ compensation benefits to affect fiscal year 2025 budgets.** However, the cost to the various involved budgets could approach or equal the cost of estimated additional workers’ compensation benefits in this bill. This will ultimately be determined by the actuarial analysis of risk exposure for these professions and experienced claims.

**Impact on AoA Administration Expenses**

An increase in claims would likely result in an increase of appeals on denied workers' compensation for PTSD claims. This would increase attorney fees for AoA. In consultation with the Vermont Office of Risk Management, the potential increase in attorney fees is estimated to be \$105,000 in General Fund dollars annually. These costs will be highly correlated with the level of claims submitted, level of claims denied, and level of denied claims appealed. The AoA Office of Risk Management does not anticipate any additional actuarial costs.