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Fiscal Note

Drafting Number: LLS 24-0418 Date: March 8, 2024
Prime Sponsors: Rep. McCluskie; Lynch Bill Status: House Finance
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Bill Topic: FIRST RESPONDER EMPLOYER HEALTH BENEFIT TRUSTS

Summary of Fiscal Impact:
State Revenue [ ] State Transfer [ ] Local Government [x]
State Expenditure [x] TABOR Refund [ ] Statutory Public Entity [ ]

The bill expands eligibility for required firefighter heart and circulatory malfunction benefits to include part-time and volunteer firefighters; requires employers to participate in the multi-employer cancer trust; and creates a cardiac screening trust for peace officers. The bill will increase state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$3.3 million to the Department of Public Safety.

Fiscal Note Status: The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

Table 1
State Fiscal Impacts Under HB 24-1219

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund), Transfers, and Other Budget Impacts (General Fund Reserve).

1 Funding for the Public Safety Cardiac Screening Trust is a preliminary estimate.

## Summary of Legislation

Current law requires local governments, special districts, other local employers of firefighters, and the Division of Fire Prevention and Control in the Department of Public Safety (CDPS) to provide specified health benefits to full-time firefighters for heart and circulatory malfunctions, for which the Department of Local Affairs (DOLA) provides certain reimbursements through the Firefighter Benefits Cash Fund. The bill expands this required coverage to include part-time firefighters and volunteer firefighters with at least five years of continuous employment.

Under current law, employers of firefighters may participate in a multiple employer health trust as one option for providing required cancer benefits to firefighters. Employers may alternatively self-insure, or purchase insurance to provide the benefit. This bill requires that employers participate in the multiple employer cancer benefits trust; however, if reimbursement from the state for those costs is insufficient, participation is optional.

The bill creates the Public Safety Cardiac Screening Trust for all peace officers to be screened for heart conditions. The trust has the authority to define available services, structure the program based on actuarial and other recommendations, and adopt policies and procedures for its administration. The CDPS may receive appropriations from the General Assembly and gifts, grants, or donations to reimburse employers' costs to participate in the trust, for which all state and local employers of peace officers are eligible to receive. Employers must participate in the Public Safety Cardiac Screening Trust; however, if reimbursement from the state for those costs is insufficient, participation is optional.

## Background

Under current law, the state and local governments participate in two multiple employer health benefit trusts, one that provides behavioral health benefits, and another that provides heart, circulatory system, and cancer health benefits. Public employers of firefighters, including local governments, special districts, and the Division of Fire Prevention and Control in the CDPS, pay contributions into the trusts in order to provide health benefits to their firefighters.

Subject to annual appropriations, DOLA reimburses public employers for the direct cost of maintaining accident insurance, self-insurance, or participation in an insurance pool or health trust. Over the last several years, the General Assembly has appropriated about \$830,000 to the Firefighters Benefits Trust Cash Fund to reimburse local employers of firefighters.

## State Expenditures

Funding for the programs in the bill is at the discretion of the General Assembly. Based on assumptions outlined below, the bill will increase state expenditures in the CDPS by an estimated \$3.3 million per year beginning in FY 2024-25, paid from the General Fund. Additionally, the bill may increase expenditures in the Department of Local Affairs.

**Public Safety Cardiac Screening Trust – Department of Public Safety.** Based on information provided by the Peace Officer Standards and Training Board, there are 13,676 certified peace officers in the state, of which 1,603 work for state agencies, and the remainder for local agencies. This number does not encompass noncertified peace officers. Therefore, the fiscal note assumes that there are at least 15,000 peace officers working in the state.

Based on the current costs for the Division of Fire Prevention and Control’s participation in a multiple employer health benefit trust, the per peace officer annual benefit payment is expected to be at least \$150 per year, and the cardiac screening cost, which takes place every other year after the initial screening, is expected to be at least \$350 per visit. The fiscal note assumes that 20 percent of peace officers will be screened each year.

Costs in Table 2 assume that the CDPS will reimburse all state and local employers of peace officers for the costs outlined above; actual funding is at the discretion of the General Assembly. The CDPS will also have increased workload to administer these reimbursement payments.

**Table 2**  
**Expenditures Under HB 24-1219**

<b>Cost Category</b>	<b>Per Officer Cost</b>	<b>Officer Estimate</b>	<b>Total</b>
Annual Benefit	\$150	15,000	\$2,250,000
Screening Costs	\$350	3,000	\$1,050,000
		<b>Annual Cost</b>	<b>\$3,300,000</b>

**Volunteer firefighters – Department of Local Affairs.** The bill expands eligibility for heart and circulatory benefits to volunteer and part time firefighters. Under current law, DOLA reimburses local employers for the cost to provide these benefits to full-time firefighters. Historically, DOLA has received an annual appropriation of \$830,000 for these reimbursements. This appropriation is likely insufficient to fully reimburse employers for this cost. Any increase in base funding for the Firefighters Benefits Trust Cash Fund in DOLA is at the discretion of the General Assembly and may be included in this bill or adjusted during the annual budget setting process.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **Local Government**

The bill removes the ability of a municipality to provide cancer benefits via accident insurance, self-insurance, or as part of an insurance pool and instead requires participation in a multiple employer health trust. For some municipalities that maintain one of the alternative types of coverage being eliminated, there could be a change in the employers' cost to cover employees, and the types and value of benefits provided. The bill also increases the cost of providing a heart and circulatory benefit to part-time and volunteer firefighters, and cardiac screenings to peace officers. This cost is offset by reimbursement from the Firefighters Benefits Trust Cash Fund in DOLA and from the Public Safety Cardiac Screening Trust in CDPS.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

For FY 2024-25, the bill requires a General Fund appropriation of \$3,300,000 to the Department of Public Safety.

## **State and Local Government Contacts**

Counties	Fire Chiefs	Labor
Municipalities	Personnel	Public Health and Environment
Public Safety	Regulatory Agencies	

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).