

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB1313-S2

Patron: Callsen

Bill Title: Workers' Compensation; exacerbation of certain disorders incurred by law-enforcement officers and firefighters.

Bill Summary: Provides that for the purposes of Workers' Compensation for post-traumatic stress disorder incurred by a law-enforcement officer or firefighter, an incident or exposure without any accompanying physical injury occurring in the line of duty on or after January 1, 2027 is considered a qualifying event.

Budget Amendment Necessary: Potentially

Items Impacted: 50, 74, and 469

Explanation: See Fiscal Summary.

Fiscal Summary: If the number of claims increase beyond certain thresholds, both the Department of Human Resource Management and the Office of the Attorney General will need additional nongeneral fund appropriation to support new staff. These additional staff members, as well as the costs to pay for additional claims, will require higher premiums billed to state agencies. Certain state agencies would need additional general fund appropriation to support those higher premiums, which would be appropriated under Central Appropriations. The bill may also impact certain Virginia Retirement System disability programs.

Fiscal Analysis: According to the Department of Human Resource Management (DHRM), the proposed legislation would result in more workers' compensation claims being accepted. As more claims are accepted, the experience-based premium paid by state agencies that employ law-enforcement officers and firefighters may increase. The Commonwealth self-insures for workers' compensation benefits. Premiums used to support these benefits are charged to state agencies, which use general fund, nongeneral fund, or some combination of the two to pay these premiums, depending on the fund sources available to the agency and from which source their employees are regularly paid. The additional funding to pay for the increase of an agency's experience-based premium for workers' compensation coverage cannot be determined at this time.

The proposed legislation also may have a fiscal impact for DHRM's Office of Workers' Compensation (OWC), and the Attorney General and Department of Law (OAG) unit assigned to litigate the state's workers' compensation claims. DHRM's OWC may have to expand its current claims team; however, because the increase in the number of claims is unknown, the additional staff at OWC cannot be determined at this time. DHRM estimates that for every 200 new claims filed, an additional Lost Time Benefit coordinator and Claims Associate would be needed. The OAG estimates it would need one additional lawyer for each 100 new claims litigated, and one additional support staff member for every 150 new claims. The funding for the additional staff would be supported through an increase in the memorandum of understanding (MOU) with DHRM, or

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additional appropriation provided to the OAG's Workers' Compensation Unit. Staff for both OWC and the OAG unit are paid from revenues collected from state agencies' workers' compensation premiums.

According to the Virginia Retirement System (VRS), the proposed legislation may impact the VRS disability retirement program or the VRS managed disability programs. This is due to these programs having a work-related component of benefits dependent on whether an injury or death occurs in the course of employment as determined by the Virginia Workers' Compensation Commission. There are numerous references to Workers' Compensation Act provisions within the statutory framework for VRS-administered programs. Therefore, any changes to the Workers' Compensation Act provisions can impact and add costs to the VRS-administered programs.

VRS Disability Retirement

The retirement allowance calculation for a VRS disability retirement depends on whether the disabling condition is work-related. If the disabling condition is not compensable under the Workers' Compensation Act, then it is not a work-related disability. If the disabling condition is compensable under the Workers' Compensation Act, then it is a work-related disability. Members retiring due to a work-related disability receive a higher VRS disability retirement benefit. Any bill that impacts the likelihood of compensability under the Workers' Compensation Act impacts the likelihood that a VRS member's disabling disease or condition will be considered work-related.

VRS Managed Disability

VRS managed disability programs include the Virginia Sickness and Disability Program (VSDP) for state employees and the Virginia Local Disability Program (VLDP) or a comparable plan for local employees who are in the Hybrid Retirement Plan. In both VSDP and VLDP, the calculation of benefits depends on whether the disabling condition is work-related. If the disabling condition is not compensable under the Workers' Compensation Act, then it is not a work-related disability. If the disabling condition is compensable under the Workers' Compensation Act, then it is a work-related disability. Members receiving VSDP, VLDP, or comparable benefits due to a work-related disability receive a higher benefit. Any bill that impacts the likelihood of compensability under the Workers' Compensation Act impacts the calculation of VSDP and VLDP benefits.

Other: None.