

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1673 - SB 1466

March 31, 2011

SUMMARY OF BILL: Exempts anyone who is 21 years of age or older from wearing a motorcycle helmet while riding a motorcycle if the individual possesses comprehensive health insurance coverage providing at least \$15,000 in medical benefits for injuries incurred as a result of a crash.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Other Fiscal Impact – Increase Expenditures – Exceeds \$100,000 Crash-related injuries (head injuries) occur which would not have occurred in the absence of the bill to individuals on TennCare or the state or local government health plans; the health plans could experience increased costs.

The cost impact above does not assume any increase in ridership. If ridership increases, there may be additional indirect revenue and cost impacts based upon data from other states. Any potential increased ridership may result in additional sales, registration, and licensure of motorcycles, generating additional revenue for state and local government. Any increased ridership may also result in increased accidents and health care costs to public health systems including TennCare and the state and local government health plans. These indirect impacts cannot reasonably be quantified, but due to the high cost of care in traumatic injury cases, it is estimated that any increased health care costs would exceed any additional revenue.

Assumptions:

- According to the Department of Revenue, there were 158,159 motorcycles registered in 2010.
- Based on Department of Health data, it is estimated that three percent or 4,745 of the 158,159 registrants, are involved in accidents.
- According to the Department of Safety's Tennessee Operation Manual, one out of every five motorcycle accidents results in a head injury. Such would result in 949 (4,745 x 20%) head injuries per year.

- There will be an increase in head injuries as fewer motorcyclists choose to wear helmets. According to reports by the National Highway Traffic Safety Administration (NHTSA), Kentucky experienced a 77 percent increase in head injuries after the repeal of the helmet law. Florida experienced an 80 percent increase in head injuries after the repeal of the helmet law.
- If Tennessee incurred a 77 percent increase in head injuries, it would result in a total of 731 (949 x 77%) additional individuals sustaining head injuries.
- According to NHTSA, the average cost for a head injury treatment in Florida was \$45,602 in 2006. It is estimated that there has been a 22 percent ($\$45,602 \times 22\% = \$10,032$) increase in the cost of head injury treatments since 2006 resulting in an average cost for treatment of \$55,634 ($\$45,602 + \$10,032$).
- Based on data from the Bureau of TennCare, it is estimated that one percent of registered motorcyclists are covered by TennCare. This would result in eight (731 x .01) additional head injury patients receiving benefits.
- These individuals will have at least \$15,000 in comprehensive health coverage resulting in an increase in state and federal expenditures of \$325,072 [$(\$55,634 - \$15,000) \times 8$].
- Of the remaining 723 additional head injuries, there will be estimated treatment costs of \$29,378,382 [$(\$55,634 - \$15,000) \times 723$].
- Based on information previously provided by Vanderbilt University, there is approximately a 28 percent loss to hospitals for head injury treatments from motorcycle accidents. The loss is estimated to be \$8,225,947 ($\$29,378,382 \times 28\%$).
- It is estimated that a portion of this amount will be passed on to the TennCare program because they will become eligible for supplemental security income (SSI) benefits and automatically become TennCare enrollees. While there is no way to determine a precise amount, it is estimated that 25 percent, or \$2,056,487 could become increased expenditures for the TennCare program.
- Most states that repealed the universal helmet law experienced an increase in motorcycle registrations which would result in an increase in revenue.
- Fewer convictions for motorcycle helmet law violations resulting in a not significant decrease in state and local revenues.
- Violations for persons under 21 years of age or older would increase resulting in a not significant increase in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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