

Are You Ready to Provide Line of Duty Act Benefits in FY12?

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VACORP

Line of Duty Act

Line of Duty Act provides state-funded death and disability benefits for state and local public safety officers (including volunteers) or their beneficiaries due to death or disability resulting from the performance of duties:

- one time death benefit payment to beneficiaries
- health insurance coverage for officer, spouse and dependent children (for disabilities occurring after 7/1/2000)

What is Line of Duty?

“Line of Duty” means any action the deceased or disabled person was obligated or authorized to perform by rule, regulation, condition of employment or service of law

Line of Duty Death Benefits

- \$100,000 payment to beneficiary for death due to unnatural cause
- \$25,000 payment to beneficiary for death due to a presumptive cause or within 5 years from retirement
- Continued health insurance coverage for surviving spouse and dependents of certain deceased law enforcement officers, firefighters, etc.

Line of Duty Disability Benefits

- Payment of health insurance for officer
 - same health insurance benefits officer had on the last day of active duty
 - terminates upon his death, recovery, or return to full duty
- Payment of same health insurance benefits for spouse and dependent children
 - terminates upon the spouse's death or upon coverage by alternate health insurance
 - dependent coverage terminates upon such dependent's death, marriage, coverage by alternate health insurance, or 21st birthday (unless mentally or physically disabled or a full time student)

Public Safety Officers Include:

- Law enforcement, correctional, jail officers
- Sheriffs, deputy sheriffs, chaplains
- Firefighters, including volunteers
- Rescue squad members, including volunteers
- Emergency management/services officials during a disaster
- Regional hazmat emergency responders
- Conservation police officers

Disabled Person

Any individual who, as the direct or proximate result of the performance of his duty in any position listed in the Act, has become mentally or physically incapacitated so as to prevent the further performance of duty where such incapacity is likely to be permanent

Includes any person eligible under the Act disabled on or after 1/1/1966

Deceased Person

Any individual covered by the Act whose death occurs on or after 6/8/1972, as the direct or proximate result of the performance of his duty, including the following presumptions:

- 27.1-40.1 Firefighters – respiratory, hypertension, heart disease
- 51.1-813 Police – hypertension, heart disease
- 65.2-402 Firefighters, Police, et al. – adds certain cancers

Beneficiary

A spouse of a deceased person and such persons as are entitled to take under the Will of the deceased person if testate, or as his heirs at law if intestate.

Direct and Proximate Death Claims

FY09 – 6 claims	\$600,000
FY08 – 4 claims	\$375,000
FY07 – 10 claims	\$975,000
FY06 – 5 claims	\$375,000
FY05 – 2 claims	\$150,000
FY04 – 8 claims	\$600,000
FY03 – 4 claims	\$300,000
FY02 – 2 claims	\$150,000
FY01 – 1 claim	\$ 50,000

Presumptive Cause Death Claims

FY09 – 6 claims	\$150,000
FY08 – 7 claims	\$175,000
FY07 – 8 claims	\$200,000
FY06 – 7 claims	\$165,000
FY05 – 4 claims	\$100,000
FY04 – 4 claims	\$100,000
FY03 – 7 claims	\$175,000
FY02 – 5 claims	\$125,000
FY01 – 5 claims	\$125,000

Processed Disability Claims

FY09 – 81 claims

FY08 – 90 claims

FY07 – 72 claims

FY06 – 171 claims

FY05 – 47 claims

FY04 – 81 claims

FY03 – 80 claims

FY02 – 45 claims

FY01 – 14 claims

State Budget Changes – Line of Duty Act

- Elimination of \$20.1 million support for the Line of Duty program and conversion of the program to a premium-funded insurance program
- Line of Duty Act Death & Health Benefits Trust Fund established under VRS' investment management
- Benefits remain the same - Department of Accounts will continue to administer the benefits

State Budget Changes – Line of Duty Act

(continued)

- Funding mechanism and source will change (Item 258 Budget Bill-2010 Session)
- Proposed \$0.18 surcharge added to the \$0.75 E-911 fee on telephone access lines to fund state employees covered by the Act (HB661-Continued to 2011 Session in Finance)
- Annual contributions based on actuarial analysis will be paid by localities for their employees and volunteers covered by the act

Contributions for Officers/ Shared Localities:

- Members of any fire department or rescue squad recognized by governing body ordinance or resolution as an integral part of the official safety program of any such county, city, or town shall be considered part of the city, county, or town served by the fire department or rescue squad
- If a fire department or rescue squad serves more than one city, county, or town, the affected cities, counties, or towns shall determine the basis and apportionment of the required covered payroll and contributions for each fire department or rescue squad

Line of Duty Act Fund – Opting In or Out

- Localities have a one-time election to participate or not in the fund
- This is an irrevocable election
- Election must be made by June 30, 2011

Should Counties Opt Out?

Consider the proposed state program:

- State controls county “premiums” and any surplus funds
- DOA and VRS are reimbursed for “all reasonable costs incurred and associated, directly and indirectly, with administration of the fund.” (Item 258 Budget Bill-2010 Session)
- DOA entirely governs all Line of Duty Benefits; this includes state, county, and municipal officers

Consider VACORP Value

- Workers' Compensation Provider since 2001
 - 10 years of data available
 - Claims Management experience and efficiency
 - Investigation of status changes and settlement
 - Risk Control relationships
- Ownership
 - Full Control of Line of Duty Benefits
 - Administration within guidelines of the Act
 - Surplus Equity in the hands of those covered

VACo, VACORP, and Counties

- VACORP's involvement facilitates concerted lobbying effort to protect county government goals and objectives
- Daily involvement with counties enables VACORP to stay connected directly to counties' concerns

Roadblocks

- DOA will handle all monies and investments as the law currently stands.
- Control of payout ultimately remains in hands of the state
- Checks issued by state; VACORP receives invoice and pays state on behalf of “covered member.”
- VACORP Board will move forward with offering coverage only if current law is changed

Paving the Way

- VACORP needs to have full control, within the Act, to offer the same time-proven benefits as exist in the Pool
- Counties and VACo must lobby the 2011 legislature to authorize organizations such as VACORP to have full program control over Line of Duty Benefits

For additional information:

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